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## NEWS SUMMARY

### GENERAL

#### Yard hunts girl bomber

As three men were last night still helping police investigating the bomb attacks in London and Caterham, Surrey, where an army pub was blasted last week, Scotland Yard launched a vast hunt for a pretty 21-year-old blue-eyed Irish brunette terrorist.

Scotland Yard, taking the unusual step of naming Miss Ellen Mary Margaret McNamee of Tyrone and stating her mission as that of carrying explosives and money from Ireland to IRA bombers, issued a photograph.

In a statement the Yard described the girl as "probably the most dangerous and active woman terrorist operating over here."

The cameraman who took the photograph is understood to work for Scotland Yard's new C 11 criminal investigation unit.

At the risk of his life he pictured the girl coming out of a bar in the Irish Republic.

#### More troops

Meanwhile, following talks between Mr. Harold Wilson, Prime Minister and Mr. Merlyn Rees, Ulster Secretary, at 10 Downing Street yesterday, Mr. Rees is today to make an important statement announcing tough new security measures in Northern Ireland. Release of suspected terrorists is expected to be stopped.

Last night the army announced that an extra 650 troops were already on their way to Ulster as reinforcements in the battle against sectarian violence.

#### Paisley threat

In Belfast last night the Rev. Ian Paisley, whose Democratic Unionists have 12 of the 78 seats, threatened to force an adjournment of the Convention until Mr. Merlyn Rees, Ulster Secretary, acted to improve the security situation.

In Westminster Mr. Nicholas Winterton, Conservative MP for Macclesfield called for an end to the bipartisan approach in Ulster.

At Blackpool, Mr. Ray Buckton of the Locomen asked the TUC to make fresh efforts to encourage a solution to the Northern Ireland conflict. **Back Page, 8 and Page 9**

#### Soviets boycott Geneva signing of Mideast pact

Egypt and Israel yesterday signed the interim Sinai agreement negotiated by Dr. Henry Kissinger, U.S. Secretary of State. The Soviet Union underlined its disapproval of the terms by boycotting the formal Geneva ceremony. The U.S. also stayed away.

In Cairo, President Sadat attacked Arab world critics of the pact. In Washington, President Ford and Dr. Kissinger began the delicate task of persuading Congress to approve the terms of the agreement. **Back and Page 5**

#### RAAF transport hijacked in Timor

A Royal Australian Air Force transport, operating for the International Red Cross and marked with Red Cross insignia, was hijacked at Bauu in Portuguese Timor last night and its crew forced by armed men to fly to Timor to Darwin. Further relief flights from Australia to Timor were suspended. **Portuguese news and feature, Page 6**

#### Bail refused

The three men accused of conspiring to damage the Headingly Test match wicket were yesterday refused bail by a High Court Judge in London. The men are in Armitage Jail, Leeds.

#### Maisky dies

Mr. Ivan Maisky, Soviet Ambassador to Britain from 1932 to 1943 has died in Moscow at the age of 91. He was announced last night. He was regarded as a friend by Sir Winston Churchill.

#### GRIEF PRICE CHANGES YESTERDAY

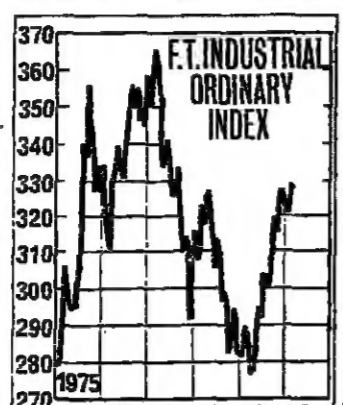
(Prices in pence unless otherwise indicated)

RISES		FALLS	
Treasury 10% 97 1/2	97 1/2	Bates (E.)	35
Alexander's Discount	210	Baltic	167
Allied Retailers	68	Reardon Smith "A"	145
Assed. Dairies	202		
Avenue Close	30		
Barclays Bank	280		
Bilton (P.)	137		
Bowater	163		
"Bats"	208		
British Leyland	40		
Canors "A"	32		
Church	160		
Costain (R.)	122		
Courtauld	123		
Day Int'l.	99		
Deca "A"	208		
Distillers	112		
General Accident	127		

### BUSINESS

#### Equities up 8.4: Gilts firm

● **EQUITIES** improved sharply with the announcement of ICI's second-quarter figures. The index closed 8.4 up at 329.3. The



● **GILTS** had a more active day, with demand centred mainly in the long, which closed up 0.18 to 61.68.

● **INVESTMENT CURRENCY** market was quieter, the premium closing up half a point at 96 per cent.

● **GOLD** closed at \$153, a rise of \$2.

● **STERLING** fell 33 points to \$2.005. Its weighted fall was 27.6 per cent. (27.3 per cent.). The dollar improved to 2.58 per cent. (2.67 per cent.).

● **WALL STREET** closed up 6.02 at 828.31.

#### Tokyo stocks plunge

● **TOKYO** share prices fell sharply, reflecting concern of many investors about the state of the Japanese economy following last week's succession of business failures and new failures. The Japanese Dow Jones average fell 61.82 points to 2,980, below the "psychological barrier" of 4,000 for the first time since February. **Page 7**

#### Burmah group's \$125m. contract

● **PETROCARBON** Development, part of the Burmah group, signed a record \$125m. contract to build a chemical complex for Poland. **Back Page**

● **NEW ORDERS** for the machine-tool industry fell sharply in the second quarter, with few companies working at more than 60 per cent of capacity. **Page 5**

● **HIGHER LABOUR COSTS** and material prices led to a 1.2 per cent increase in basic house-building costs last month.

● **SEALAND HOVERCRAFT** company went into liquidation, making 120 workers redundant. **Page 8**

● **EDWARD BATES & SONS** (Hosiery) incurred an attributable loss of \$15.2m. on the year to March 31 (profit \$788,000). **Page 18**

● **BRITISH ELECTRIC Traction** year's pre-tax profit was \$37.75m. (48.92m.). **Page 18**

● **MASSEY FERGUSON** first nine months' profit was \$52.7m. (\$35.6m.). **Page 22**

● **CFP (Compagnie Francaise des Petroles)** reported provisional first-half net profit of Frs.174.1m. (Frs.290m.). **Page 22**

## Sandilands report on inflation accounting

# Basic changes urged in company accounts

By MICHAEL BLANDEN

**BASIC CHANGES** in company accounts and in the tax system are proposed in the eagerly-awaited report published yesterday by the Sandilands Committee on inflation accounting.

The committee, set up in January, 1974 under the Tory Government, put forward a new system of accounting, which it calls current cost accounting (CCA), to show up the serious impact of inflation on company profits and liquidity.

For many manufacturing companies, particularly in capital-intensive industries, the new system would produce substantially lower profits than the traditional historic cost method which it is designed to replace. It is also recommended that the tax base should be fundamentally changed to reflect the proposed accounting conventions. Because this should be accompanied by a complete examination of the whole tax system, however, the Committee suggests that a Royal Commission should be established to review the basis of taxation of all profits and income.

The central element of the proposed new accounting method is that assets should be measured in the accounts at their "value to the business"—in most cases, their current replacement cost—rather than their historic cost. Valuation of assets, it is proposed, should be helped by official publication of a series of index numbers for various industries.

A company's profit for the year would consist only of its "operating gains" as defined by the report. This would exclude all "holding gains," derived from the appreciation of assets.

Stock appreciation would be removed from profit and loss account and taken to reserve. And depreciation would be based on the current value of assets rather than historic cost.

The report has been awaited with interest by the Government and the accountancy profession. The Government has already taken action to relieve the effect of the deferral of tax on stock appreciation introduced in the November Budget.

The accounting system proposed by Sandilands would offer a long-term method of relieving companies of tax on stock appreciation, though, for the time being, the committee recommends continuing the present method.

Yesterday, the Department of Trade, which received the report on June 25, said that the Government was "conscious of the need for an early indication of its views on the report."

After taking account of views of the appropriate representative bodies, the Government hoped to make a statement "early in the next session of Parliament" on the main recommendations for a form of current cost accounting for published company results.

The Government will be particularly anxious to hear the opinion of the accounting profession, which already has its own form of inflation accounting established as a provisional standard.

The Sandilands recommendations reject the system so far adopted by the accountants, which, under the title current purchasing power (CPP) accounting, involves companies in producing supplementary statements showing the figures adjusted to current values by using the retail price index.

Yesterday, the accountants pointed out that one of the issues in Sandilands which would cause debate would be its decision not to measure the effect of inflation on monetary assets and liabilities and on the shareholders' equity, which is a basic part of the CPP approach.

Introducing the report yesterday, Mr. Francis Sandilands, chairman of Commercial Union Assurance and of the inflation accounting committee, said that the proposed system of accounting would meet the major

requirements for information of the main users of accounts. In particular, it would help companies to see more clearly the effect of inflation.

The report comments that the U.K. is in the grip of "the worst period of inflation in its history." Existing historic cost accounts, it argues, have great weaknesses in such a period.

They may even add to companies' problems by presenting "misleading" information, while taxation levied on conventional profits may have contributed to industry's liquidity crisis.

The new system, described as "evolutionary" rather than "revolutionary," would be a "comprehensive method of accounting for inflation."

A tight timetable for introducing CCA methods has been set by the committee. It is suggested that, given the urgency of the problem, a steering group should be set up to supervise its introduction. If possible, it should be adopted by quoted companies, other large companies and nationalised industries for periods beginning after December 24, 1977.

In time, tax bases should be changed to take account of the new system, and the committee suggests that some form of indexation of capital gains tax should also be considered. It also argues that price controls investigations into the profitability of industries should be based on profits disclosed under the new form of accounts.

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The real industrial crisis, Page 16

## £3.3bn. boost for French economy

By ROBERT MAUTHNER

**PRESIDENT** Valéry Giscard d'Estaing to-night announced a Frs. 30bn. (about £3.3bn.) package to pump new life into the French economy at a time when the country's unemployment is expected to reach the million mark within the next few weeks.

Although France and West Germany have co-ordinated their reflationary efforts, the French measures, which are accompanied by a cut in bank rate from 9.5 to 8 per cent., are about three times greater in money terms than those of the West Germans.

**Aircraft**

As generally forecast, the largest part of the package—Frs.13bn.—is being devoted to boosting public investments, such as the modernisation of roads, the improvement of ports and the development of the public transport system, including a

high-speed rail service between Paris and Lyon.

Other sectors which have been singled out under this heading are hospitals, State subsidised housing and the aircraft industry.

Private industry will be helped by more than Frs.12bn. All companies will benefit from special fiscal reductions on productive investments amounting to Frs.2.2bn., while a postponement of company tax payments due on September 15 to April 15, 1976, totalling Frs.9.6bn., should do much to ease the tight cash flow situation of most French companies.

About Frs.5bn. has been set aside for boosting consumption mainly in the form of supplementary allowances for old age pensioners and handicapped people, some 2.5m. of whom will receive a special payment of Frs.700. Families will receive an extra allowance of Frs.250 for each child, a measure which is expected to benefit 13.5m. children.

An additional stimulus to consumption will be given by a reduction of higher purchase interest rates and an extension of

the repayment period for loans. A series of measures were also adopted to encourage exports of capital equipment and to facilitate the success of smaller companies to export markets.

Presenting the reflationary package in a nation-wide television broadcast to-night, President Giscard d'Estaing said it had been made necessary by the greatest upheaval the world economy had known in times of peace for 45 years. This upheaval had not spared any member country of the European Community.

For France, the employment situation had become one of the most worrying problems and the Government's aim in adopting today's recovery programme was to stimulate economic activity sufficiently to create new jobs.

Answering arguments that the Government should have adopted a reflationary package as long as a year or six months ago, M. Giscard d'Estaing said that such a step would have had a disastrous effect on inflation. A year ago, prices were rising at the annual rate of 15 per cent. and France had a big trade deficit. This situation had been renewed. The country now had regular trade surpluses, and the rate of inflation had been brought down to the "honourable" level of less than 10 per cent.

In what seemed to be a reference to Britain, the French President said that those who doubted that the Government's policy had been right had only to look beyond France's borders to those of her neighbours who were running a rate of inflation of more than 20 per cent. and whose unemployment was even higher.

**Long-term**

M. Giscard d'Estaing emphasised that all the measures taken by the Government would have an immediate effect. But the Government's plan should also be seen in the context of its longer-term aim of improving the working conditions and quality of life of French workers.

The Government would make early proposals to the employers' federation and trade unions for a reduction of working hours and the retirement age, he added. The two main Left-wing trade unions, the Communist-led CGT and socialist CFDT, have in fact demanded the opening of immediate negotiations on these two points and have threatened widespread industrial action.

Editorial comment, Page 16

## Pressure on councils for fare rises and reduced services

By JOHN BOURNE AND COLIN JONES

**REDUCTION** in the standards of some local services, tighter control over staffing ratios, and further increases in bus and underground fares were called for in a Ministerial circular to local authorities yesterday outlining the Government's preliminary thoughts on how next year's "standstill" in local authorities' current expenditure could be achieved.

The circular was requested by local authority associations at last month's meeting of the new Consultative Council on Local Government Finance.

Mr. Anthony Crosland, the Environment Secretary, warned them at that meeting that, because the volume of local spending this year, before allowing for pay and price increases, looked like exceeding the 4 per cent. growth "ceiling" by a full 2 per cent., their expenditure must be held level in 1976-77 instead of growing by the previously envisaged 10 per cent.

More detailed advice on next year's expenditure is to be issued to councils after the 1976-77 rate support grant has been settled in November. But yesterday's circular warns them that the Government will be seeking "further substantial economies" in 1977-78 and 1978-79 as the Public Expenditure White Paper "now seem to be quite unrealistic."

The Government's advice is not mandatory on local councils but next year's rate support grant will be based on the assumption of a standstill in real spending, leaving any increase to be financed by ratepayers.

The possibility of this happening next April was raised yesterday by Sir Robert Thomas, chairman of the Association of Metropolitan Authorities, when he warned that "councils may have difficulty in keeping within the guidelines."

The recent trend of local government spending also gives rise to doubts that next year's standstill will be universally observed. This year's over-run follows a similar situation in 1974-75 when local spending increased in real

terms by 5-10 per cent., as in the two previous years, as against a forecast of 6 per cent. before the May and December public spending cuts and one of 2 per cent. after the cuts had been called for. Against this background, the chances of the Government persuading local authorities to achieve a complete halt in their spending next year cannot be considered encouraging.

The preliminary advice in yesterday's circular covers:

● **Local Transport:** Next year's reduction in revenue support for bus and Underground services from £122m. to £108m. is to be cut by a further £12m. "This will require fare increases to be made earlier or larger (or both) than previously planned."

Local transport expenditure, capital and current, is expected to be about £70m. less next year than the current £110m. estimates for this year, but it is not intended that capital investment in public transport should be cut. In road construction and improvement, the planned reduction is 8.3 per cent.

The economies envisaged for road maintenance, mainly on minor roads, are from £334m. for this year to £314m. next year.

● **Environment services:** Reductions should be considered in the staffing of parks, refuse collection, administration and town and country planning.

Authorities should also consider if they can raise charges for trading services, including crematoria and cemeteries, and

Continued on Back Page

## ICI profit figures cheer market

By RAY DAFTER

**ICI SURPRISED** the market yesterday when it announced a half-yearly pre-tax profit of £188m., a better result than many in the City and the chemical industry had expected.

Although the profit was £96m. down on the corresponding six months of last year it does indicate that ICI has stabilised its performance in the depressed chemicals sector. In the past three quarterly periods the profit has been £82m., £80m. and £78m. in contrast to the very big drop between the third and fourth quarters last year. Consequently ICI's share price finished 15p up at 322p.

Unlike some companies in the chemical industry, ICI is managing to maintain its investment programme in all but minor details. This is in sharp contrast to BP Chemicals, which revealed this week it has postponed some £175m. worth of projects. Some European companies, which have experienced

much bigger drops in profitability in the past quarter, are also finding it difficult to stick to their spending plans.

The ICI results show that overseas business has slipped back faster than the U.K. The Group sales at home increased from £598m. in the first half of last year to £641m. while overseas rose minimally from £546m. to £561m. Price increases accounted for the rise in revenue for overall volume output has been cut back.

The group said that the economic recession continued to affect the industry and the results were hit particularly by the poor state of the plastics and fibres markets. On the other hand, the broad product and territorial spread of the company had helped to mitigate the full effect of the recession.

Details, Page 19; Lex, Back Page

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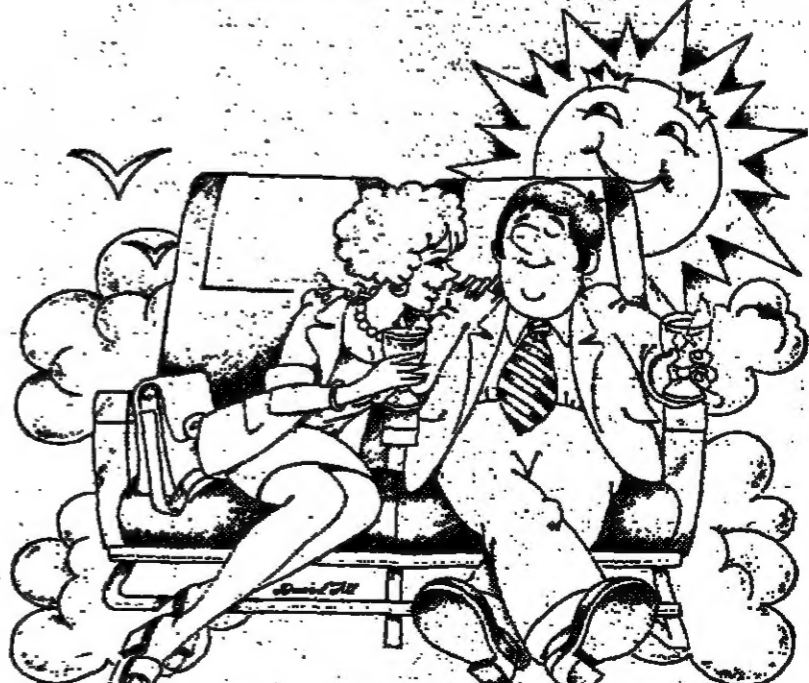
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## ENTERTAINMENT GUIDE

2  
LOMBARDNeed for action  
rather than talk

BY KEVIN RAFFERTY

WE—THE RICH, the West—worry today about how much our standards of living will slip this recession: can we afford a new car? what about the school fees? how many times a week can we go to the cinema or theatre? the house needs a new coat of paint, but is there enough spare cash in the bank?

But for millions upon millions of people in Africa, Asia and Latin America such discussions would be an academic luxury. Their concerns are with survival: will they be able to scrimp enough food to get one meal a day? will the children live to go to school? and if they do where will their food come from? and where will they find jobs?

## Rich and poor

For those who are depressed by statistics there is a depressing long string of them displaying the gap between the rich and the poor worlds. About 600m. people live in countries with per capita incomes ranging from \$2,000 to \$5,000; but 2bn. live in countries where the per capita income is below \$200 a year. The 2bn. per cent of the world's people who live in the rich countries enjoy 90 per cent of the world's income, 90 per cent of its gold reserves, eat 70 per cent of the world's meat and 80 per cent of its protein. Last year when there was a crying world shortage, Americans put more fertiliser on their back gardens, cemeteries and golf courses than India and China had available for food production. British people eat 24 per cent more protein than do the rest of the world's people in the world are undernourished.

And for those in the rich West who are worried about the current recession there is a reassurance from Mr. Robert McNamara, president of the World Bank. He predicts that between 1970 and 1980 real per capita income will rise from \$3,100 to \$4,000. The 1bn. people in the poorest countries face no such rich prospect—their per capita income will rise from \$105 to \$108 in the same period.

The rich world, poor world debate has gone on for more than a decade. It has blown a lot of hot air, but precious little action. The one success claimed by the developing nations has been the raising of the oil prices which has helped to produce the recession in the West; but most of the oil producers are hardly poor and the worst affected countries of all—Bangladesh,

India, Tanzania—are the poorest. So the debate rolls on and perhaps closer to confrontation.

Another attempt is to be made tonight to prick the conscience of the rich West into greater concern for the world's poorest people. A film called "Five Minutes to Midnight" produced by the ex-Panorama reporter Alan Hart is to be shown on BBC-2 television.

In two ways it succeeds splendidly and is vital viewing. It presents the world panorama of outrageous poverty, but manages to show the poor as individual people. No one who watches it can come away with the old idea that the poor are idle, lazy good for nothing whose poverty is the result only of their stupidity and bad breeding. I can merely marvel at the families ploughing and sowing in the cold high Andes or fetching precious drinking and washing water up treacherously steep slopes in Lima, while on the other side of the hill the rich bank indifference and the rich garden swimming pools. He also shows how with a little effort and aid poverty can be transformed at least into a square meal a day given a pump or irrigation canal in the right place.

## Indifference

Yet Alan Hart also shows the awful indifference of the rich West. He asks people in England, West Germany, the U.S. and Australia what they would be prepared to sacrifice to help the world's poor. They each reply that we have enough problems trying to keep our own poverty at bay. The film transposes shots of beauty parlours for poodles in America with the starving on some slum street of Asia.

What is to be done? Realistically, the hot air will continue and obscure any prospects of clear-headed action. The poor nations may try to gang up to force some action. The rich will react by calling their bluff—several Governments have already done studies showing that "commodity power" except for oil, is a myth.

The real solutions are complex and require concerted research and time. As yet the political will is lacking especially in the discontented yet rich West. Alan Hart will have done a major service if his film brings home to the majority of us the human dimensions and hardships of the poverty problem in the developing world. That is the only spur to get political action.

SALEROOM BY MICHAEL THOMPSON-NOEL

## Walkout as Sotheby's opens

THE START of the new season at Sotheby's yesterday was marked by a walkout of 15 top London silver dealers protesting at the introduction of Sotheby's controversial 10 per cent buyer's premium.

From now on, Sotheby's and Christie's are charging a total commission of 20 per cent, half payable by the seller and half by the buyer. The move comes after stiff cost increases and has produced vigorous protests from the four leading associations of fine art dealers. Yesterday's walkout did little to damage the Sotheby's sale. Only six out of 197 lots of English and Continental silver and plate were unsold. The sale totalled £22,453, many of the items going to foreign buyers.

In fact, four of the six highest-priced lots went to English dealers who did not join the walkout but even among their ranks there was some confusion.

Mrs. Magda Schapiro of Bond Street Carpets, who paid the

sale's top price of £950 for a can- teen of table silver, said last night that she had been unaware of the new buyer's premium.

"I was prepared to pay up to £1,000 for the centrepiece and it was knocked down at £950. When I went to pay, however, they asked for an extra £95. I was completely taken aback. I had to write a cheque for £1,045."

Mr. Graham Llewellyn, one of Sotheby's three deputy chairmen, said after the sale: "It was extremely difficult. They couldn't have done it more nicely. The buyer's premium was introduced only after very careful heart-searching. We feel that when the longer-term aspects of the decision are appreciated, the trade will better understand our position."

The campaign against the buyer's premium is being led by the Society of London Art Dealers, the London and Provincial Antique Dealers' Association and the British Antique Dealers' Association.

Association and the Antiquarian Bookellers' Association, all of which are expected to call extraordinary meetings of their full memberships to consider a joint line of attack.

At Sotheby's, however, foreign buyers were out in force for a £26,442 sale of Oriental ceramics, works of art and furniture. Top price was £2,300 for a Canton porcelain bowl.

Phillips, which in an attempt to siphon business from Sotheby's and Christie's, is not introducing a buyer's premium. It said that it had been deluged by dealers' inquiries about forthcoming sales. At Bonham's, a sale of European oil paintings, totalled £31,870 while at Glendinning and Co. a coin sale amassed £88,534. A one-day auction of paper money at Stanley Gibbons brought in £28,447 and a stamp sale at Warwick and Warwick of Rugby, totalled £40,000.

RACING

BY DOMINIC WIGAN

## Royal Boy ideally suited

WITH the much-vaunted Duke of Edinburgh scratched from today's Syria Plate at Sandown, I shall not look beyond Royal Boy, Mr. David Robinson's handsome Requin two-year-old, for the winner.

This fast half-brother to Velvella has not quite lived up to his early season reputation of being the best juvenile in the country. Nevertheless he has succeeded in finishing either first or second on all his appearances, and in his last race did particularly well to finish runner-up to the much improved Super Cayenne in November's July Stakes, in spite of losing ground when he veered off a true line a furlong and a half from home.

Royal Boy's best performance almost certainly came two months before the July Stakes in York's five-furlong, Tattersall's Yorkshire Stakes, in which he ran on well to defeat Lucky Shot strictly on merit by 1½ lengths, with Hillarhos a further four lengths away in third place.

He will be ideally suited by this return to the minimum trip, which he is tackling for the first time since that fine York victory over the subsequent Glimmerack winner, and I cannot visualise him failing.

Half an hour before the Syria Plate, which a year ago

went to Grundy, too much improved young stayer, Grinning Gibbons and Lucky Shot, may fight out the finish to the Action Film.

Grinning Gibbons, a well made American-bred three-year-old by

SANDOWN	
2.00—Malabar	2.30—Flying Bridge
2.30—Whitstable	3.30—Lucky Shot
4.00—Royal Boy	4.30—Gypsy Bronze
THIRSK	
2.15—Amdale	2.45—High Drama
3.15—Sindhu	

Bagdad out of the Sir Gaylord mare, Regatta, has been this summer.

He had two Lingfield victories—one in maiden and one in handicap company—and a highly creditable second in Ascot's Sunninghill Park Stakes, in which he failed narrowly to peg back Vincent O'Brien's Sir Daniel.

Lucky Shot, a bay colt by Reform out of that high-class middle distance performer, Photo Flash, has also won twice this term. His successes were in a maiden event here in July and in a Newmarket handicap

last month, in which he had to be driven out to beat the high-class handcapper, Tudor Crown, brought in £28,447 and a stamp sale at Warwick and Warwick of Rugby, totalled £40,000.

Between those successes, Lucky Shot was far from disgraced in Goodwood's highly competitive Craven Handicap, going down by only two lengths to Pals Bambino after having a far from clear passage inside the last two furlongs. With 6 lbs advantage over Grinning Gibbons, I expect Lucky Shot to achieve this second course victory.

Golden glow  
St. Paul's

ST. PAUL'S Cathedral will appear in a golden glow rather than a white light to-night when high-pressure sodium lamps are switched on instead of the eight-year-old tungsten lights.

The new lighting system, with a 60 per cent saving in electricity costs, is already floodlighting the City of London School on the Embankment, Billingsgate Market, Colechurch House at the south end of London Bridge, and the Monument.

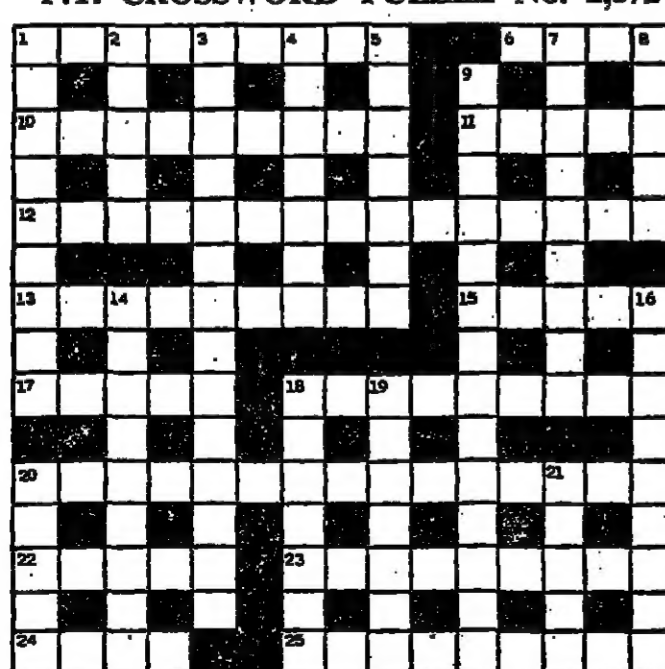
## TV Radio

† Indicates programme in black and white

## BBC 1

12.55 p.m. Bod. 1.25 News. 1.30 Along the Trail. 1.45 Show Jumping from Hickstead. 4.30 Regions News (except London). 4.35 Play School. 4.50 Natural Break. 5.00 Scooby Do. 5.40 Hector's House. 5.45 News. 6.00 Nationwide. 7.05 Bugs Bunny. 7.15 The Wonderful World of Disney. 8.00 Dad's Army. 8.30 The Liver Birds. 9.00 News.

## F.T. CROSSWORD PUZZLE No. 2,872



- ACROSS
- 1 An ingenious expedient right for a craftsman (9)
  - 2 Placed in the rear of an animal (4)
  - 3 Before the Sabbath I ring making reference to a garrison (9)
  - 4 Voice eastern exercise is very skilled (5)
  - 5 Usually, at any time now (2, 3, 8)
  - 6 Trainee workers who are getting better (9)
  - 7 Chopped up head of celery and died about it (8)
  - 8 Note to weaver creates hopelessness (5)
  - 9 Takes after engineers, Bless me! That's wrong (9)
  - 10 Saving a roundabout passage and blowing a fuse (10, 10)
  - 11 Ride with the herd (5)
  - 12 Superscribe and exhaust by doing it (9)
  - 13 No direction? Not at all! (4)
  - 14 Sets at liberty accepting far Eastern transport without payment (4, 5)
- DOWN
- 1 Seemingly to be coming into sight (9)
  - 2 Unit of the marbles (5)
  - 3 Pantomime benefactress (5, 9)

9.25 Quiller. 10.15 Tonight reviews the week. 10.45 Film 75. 11.15 Edinburgh Military Tattoo.

## BBC 2

All Regions as BBC-1 except at the following times: Wales—6.00-7.05 p.m. Wales Today. 7.05-7.20 Bugs Bunny. 7.20-7.35 Heddli. 7.35-8.00 Border A. 8.00-8.15 Border River. 8.15-8.30 News of Wales. Scotland—5.00-7.05 p.m. Reporting Scotland. 8.00-8.30 Take Five. 10.45-11.15 Scope. 12.30 a.m. Scottish News Summary. Northern Ireland—4.30-4.45 p.m. Northern Ireland News. 6.00-7.05 p.m. Scene Around Six. 10.45-11.15

## BBC 2

7.05-7.55 Open University. 11.00 Play School. 11.25-12.30 p.m. TUC Conference. 4.00 Show Jumping from Hickstead. 5.00-7.05 Open University. 7.30 Newsday. 7.50 Living On The Land. 8.15 Five Minutes To Midnight. 10.15 The Caravan Practice. 11.05 News Night. 11.30 Closedown: William Lucas reads "Come, Sweetheart, Come."

## LONDON

19.50 a.m. Bertrand Russell Speaks His Mind. 10.05 Wildlife Theatre. 10.30 Pray For The Widows. 10.45 The Caravan Practice. 12.00 Bush Boy. 12.30 p.m. Larry The Lamb. 12.40 Hickory House. 1.00 First Report: News, plus FT Index. 1.20 Lunchtime Today. 1.30 The Andy Stewart Show. 2.00 This Week. 2.30 Water Skiing. 14th World Championships. 4.20 Robert's Robots. 4.50 Magpie. 5.30 The Flintstones. 5.50 News From ITN. 6.00 Today. 6.35 Crossroads. 7.00 General Hospital. 8.00 The Vicar of Dibley And The Gypsies, starring Franco Gynn.

## RADIO 1

Norman redial, part 1 (9). 3.20 Words (Harrison Dobbie). 3.25 Social News Headlines. 3.30 Fantasy Voyage. 3.40 Granadan News. 3.45 Highway One. 3.50 Southern News. 3.55 Police Six. 4.00 Who Do You Do. 4.30 Sportscast. 4.35 Police Story. 4.40 A House in Regent Place. 4.45 Festival Programme.

## RADIO 2

6.00 a.m. News Summary. 6.10 Colin Berry. 6.15 Radio 2. 7.00 News. 7.05 Today's Topical. 7.10 News. 7.15 News. 7.20 News. 7.25 News. 7.30 News. 7.35 News. 7.40 News. 7.45 News. 7.50 News. 7.55 News. 8.00 News. 8.05 News. 8.10 News. 8.15 News. 8.20 News. 8.25 News. 8.30 News. 8.35 News. 8.40 News. 8.45 News. 8.50 News. 8.55 News. 9.00 News. 9.05 News. 9.10 News. 9.15 News. 9.20 News. 9.25 News. 9.30 News. 9.35 News. 9.40 News. 9.45 News. 9.50 News. 9.55 News. 10.00 News. 10.05 News. 10.10 News. 10.15 News. 10.20 News. 10.25 News. 10.30 News. 10.35 News. 10.40 News. 10.45 News. 10.50 News. 10.55 News. 11.00 News. 11.05 News. 11.10 News. 11.15 News. 11.20 News. 11.25 News. 11.30 News. 11.35 News. 11.40 News. 11.45 News. 11.50 News. 11.55 News. 12.00 News. 12.05 News. 12.10 News. 12.15 News. 12.20 News. 12.25 News. 12.30 News. 12.35 News. 12.40 News. 12.45 News. 12.50 News. 12.55 News. 1.00 News. 1.05 News. 1.10 News. 1.15 News. 1.20 News. 1.25 News. 1.30 News. 1.35 News. 1.40 News. 1.45 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## by NIGEL ANDREWS

Each member is entitled to appoint a proxy (who need not be a member of the company) to attend, speak and, on a poll, vote at the meeting in his stead. The required proxy form is enclosed and copies may also be obtained on request from the company. Forms of proxy should be deposited at the offices of Premier at 34 Stockdale Street, Kimberley or 40 Holborn Viaduct, London, or be posted to Premier at P.O. Box 616, Kimberley, 8300, or P.O. Box 102, Charter House, Park Street, Ashford, Kent, TN23 2BR, England, so as to be received not later than 3rd October 1975.

Holders of preference share warrants to bearer who desire to attend in person or by proxy or to vote at the meeting must comply with the regulations under which the preference share warrants to bearer are issued.

The company's registers of shareholders and transfer registers will be closed from the close of business on 26th September to 9th October 1975, inclusive.

By order of the board  
**DE BEERS CONSOLIDATED MINES LIMITED**  
Per: H. J. Crankshaw  
Registered Office:  
34 Stockdale Street,  
Kimberley 8301  
(P.O. Box 616,  
Kimberley, 8300)  
9th September 1975

## Data Processing

The Financial Times proposes to publish a survey of Data Processing in its issue of Tuesday, 16th September, 1975. The following indicates the proposed editorial content.

- 1 Introduction** A major industry at the crossroads. The fourth generation now expected towards the end of the decade will bear little resemblance to what has gone before. Where do the users stand?
- 2 A real chance for Europe** In spite of depressed marketing conditions, there are bright sectors in the data processing market, but not generally in areas where Europe has shown its strength.
- 3 Areas of rapid progress** Simulation of complex industrial situations can cut process study costs to 10 per cent. of experimental trial and error. This technique and computer-assisted design are making rapid progress.
- 4 Plain words about data bases** Where the major data base systems and their users have been going seriously wrong.
- 5 Why users buy second-hand** A growing move in recent years has been for users to abandon the latest machines in favour of previous generation equipment.
- 6 Bringing the machine to everyman** Simpler yet more powerful terminals are removing the mystique from the use of computers.
- 7 The user and the buzzwords** Mini, micro, distributed processing, upwards compatible, field convertible are all part of the jargon users, even of the most conventional units, must thoroughly understand if they are to get to the end of this decade without incurring major, yet avoidable, expenditure.

We would point out that the contents and date of the Survey are subject to complete editorial discretion.

For further information and advertising details please telephone 01-248 8000, Ext. 7129.

## WORLD TRADE NEWS

### W. Germany benefits from growth of Eastern trade

By GUY HAWTIN

FRANKFURT, Sept. 4

WEST GERMANY'S trade with Eastern Europe is providing a useful cushion against the current recession and the stagnation in trade with its traditional Western partners.

In the first six months this year, exports to Eastern Europe totalled DM3.4bn—22.3 per cent up on the same period of last year. But imports from the area declined slightly as a result of the present downturn in domestic demand. They were off 0.2 per cent at DM3.2bn.

During the first six months there was a substantial increase in the importance of East Europe as a trade partner for the Federal Republic. According to the Dresdner Bank here, Eastern Europe accounted for 6.2 per cent of total West German trade turnover, compared with 5.4 per cent in the January to June period of 1974.

The imbalance of trade in West Germany's favour also widened further during the first half of 1975, showing a DM4.51bn surplus—some 52.9 per cent up on the DM2.96bn recorded in the first six months of 1974. The surplus with Eastern Europe amounted to almost a quarter of West Germany's first half 1975 trade surplus.

Most of West Germany's trade with the East European partners is in industrial plant and machinery for the expansion and re-equipment of the area's industry. The Dresdner Bank also points out that as well as a strong marketing effort, West Germany has recently been benefiting from healthier credit terms.

In the first half of this year exports to the Soviet Union rose by 68 per cent compared with the same period of 1974, to DM3.19bn. At the same time imports from the Soviet Union—largely raw materials and semi-finished goods—fell by 9 per cent to DM1.45bn.

West Germany's second most important trade partner is Poland, but here there was a trade decline after a powerful expansion last year. Polish exports to West Germany sank from more than DM100m to well below 2 per cent against the same period of the previous year.

Poland's exports declined by 14 per cent to DM1.45bn, as the Poles appeared to be fighting to bring their chronic deficit with West Germany under some sort of control.

In Asia, there was a steep 26 per cent rise in exports to China

in the first half bringing the total to DM3590m. Imports from China went up by 11 per cent to DM251m, but the trade gap in West Germany's favour widened from more than DM100m to well over DM300m.

About 360 West German firms and industrial concerns with 1,000 businessmen, technicians and engineers have arranged the biggest industrial exhibition ever shown in China. West German economics Minister Hans Friderichs will open the Technorama 1975 tomorrow in Peking.

### U.S.-Bulgarian talks end

By PAUL LENDVAY

VIENNA, Sept. 4

AN IMPORTANT breakthrough appears to have been reached at the first sessions of the Bulgarian-American economic

council, which ended yesterday in Sofia. According to the BTA news agency, the joint protocol signed by Mr. Hristo Hristov, deputy Foreign Trade Minister, and by Mr. William May, President of the American Cam company and chairman of the U.S. group, expressed satisfaction with the expansion of the Bulgarian-American trade, which jumped from \$11m in 1973 to \$30m last year and is expected "at least" to double this year.

Mr. May stressed the importance of "turning contacts into contracts" and told BTA that the "extremely fruitful" session will contribute to the strengthening of bilateral friendly relations.

Mr. Hristov said that there were realistic possibilities for big projects in economic, industrial, scientific and technological co-operation in such fields as ferrous and non-ferrous metallurgy, mining, electronics, engineering, chemicals, telecommunications, light industry, farming and food processing.

A contract was signed by Mr. High Cullmann, President of Philip Morris International and Mr. Dimitar Yankov, Director-General of Bulgartabac, a State corporation, for the production of Marlboro cigarettes in Bulgaria under U.S. licence.

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### Austria plans major export drive

By OUR OWN CORRESPONDENT

VIENNA, Sept. 4

FACED for the first time in many years with a 4 per cent fall in Austrian exports this year, the Federal Chamber of Economy has decided to launch an ambitious and concerted world-wide export promotion campaign next year.

Special shows at international trade fairs are planned, particularly at specialised fairs, as well as Austrian industrial exhibitions, fashion shows and sales campaigns in selected stores and trade chains.

### Decline in Swiss workforce

By John Wicks

ZURICH, Sept. 4

BOTH THE number of industrial premises and the industrial workforce in Switzerland have declined in recent years, according to a survey prepared by the Society for the Promotion of the Swiss Economy. The number of premises classified as factories under the country's labour law fell annually from 1965 to 1974 to a level of 10,381 units (from 13,360), while the industrial labour force reached a peak of 882,414 in 1969 and has since shown a regular decline to reach 805,227 last year.

Only the plastics and chemicals industries and the sector engaged in manufacturing drinks have shown a rise in their total workforce in the 1966-74 period. Falls of less than 9 per cent—the overall average drop—came in the printing trades, the foodstuffs sector, machine-building and the metal industry, industries with larger labour shrinkage including the watch, paper and wood industries and, with rates of around 30 per cent, the textile, clothing, tanning and musical instrument sectors.

In September last year, some 3,303,598 foreigners were employed in Swiss industrial undertakings, or 1 per cent more than in 1967. In the textile and clothing industries more foreigners are employed than Swiss, says the report.

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### Orders fall for machines

By Our Own Correspondent

ZURICH, Sept. 4

THE SWISS machine-building industry reports a sharp decrease in standing orders over the first half of this year. At mid-year, according to the Association of Swiss Machine Builders, orders on hand were equal to 8.2 months' work, a level 10 per cent lower than at the end of last year and 24 per cent below that for mid-1974.

A particularly sharp drop of 28 per cent during the first half of 1975, was in the textile machinery sector, now with an average of 9.5 months' work in standing orders, while the order books of the machine-tool industry shrank by 13 per cent.

### Burma signs for UN aid

RANGOON, Sept. 4

A PROJECT document for \$2.5m. United Nations Development Programme (UNDP) pre-investment and investment assistance for Burma was signed yesterday by the Burmese deputy Finance and Planning Minister U Myo Myint and the local UNDP representative Mr. Semerdjian.

It is intended to be carried out by the International Bank for Reconstruction and Development (World Bank) in three years, to assist the Burmese Government in identifying priorities and developing its own project preparation capacity to accelerate economic development through capital investment.

Under the project, feasibility studies will be undertaken for expanding of rice cultivation, rehabilitation of rubber plantations, hydroelectric power development, expansion of civil aviation services, improvement of highways, expansion of urea fertiliser production, establishment of an iron and steel industry, and hotel development.

The total UNDP contribution of \$2.5m. will be augmented by a contribution of Kyats 637,000 (about \$100,000) from the Burmese Government.

### MANILA DEFICIT

MANILA, Sept. 4

THE PHILIPPINES had a \$23.8m. deficit in its trade with Communist countries during the first six months of 1975, according to figures published to-day by the National Census and Statistics Office. Most of the deficit was attributed to trade with China.

AP-DP

### Barclays Cairo bank opens in spite of Arab boycott threat

By MICHAEL TINGAY

CAIRO, 5

CAIRO Barclays International, an off-shore foreign currency joint venture between Barclays International and Banque du Caire, opened its doors for business today in temporary offices in Cairo's Meridien Hotel.

Barclays International only arrived in Egypt in January this year and received their Presidential decree three months ago. The \$10m. capital of the new bank is shared equally between the two partners and their hope is that Cairo Barclays will move quickly into the convertible currency business currently dominated in Egypt by the Arab International Bank.

The opening had been held up further by a restriction forbidding the directors of the Egyptian bank to sit on two bank boards. According to bank sources this anomaly, which prevented the Banque du Caire directors from sitting on the CBI board, was clarified last week with a law passed by the People's Assembly permitting such double directorships in joint ventures like Cairo Barclays.

Ironically the new Barclays operation opens only four days after the Arab Boycott Office, during its assembly, issued a four-month warning to the bank that it would be blacklisted if it did not cease operations in Israel. This could put Egypt in an odd position should the threat be carried out, since Barclays is not really in a position to abandon the list.

A possible explanation for the boycott office's policy of not naming companies have been removed from the list.

### Fiat launches new truck

By TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

WITH A range of completely new heavy trucks, Fiat to-day of the lorry market, launches a strong challenge to 170/190 range marks, other European manufacturers.

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Called the 170/190 series, the Fiat vehicles follow sharply on the heels of similar products from the U.S. multinationals Ford, Bedford (General Motors) and Seidon Atkinson (International Harvester), all produced within the last 12 months. Fiat already has vehicles and Germany.

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- \* Total of dividends paid and proposed is 1.686p per share, a maximum allowed under the counter-inflation legislation.
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The Secretary, The Graham Wood Steel Group Limited,  
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## Retirement or a rest cure

WASHINGTON, Sept. 4

Person on "prolonged leave" under Argentina, with Senator Luder, one of the most respected Peronist political figures, as the President would be a "facing arrangement, many say, for the future." This is said to be particularly so since what has become known as "the scandal of the cheque" came before the public a month before the cheque was one signed by Sra. Peron, transferring more than 31,000,000 Argentine pesos to the coffers of a charity called the Justicialist Solidarity Crusade, funded by government and Peronist party moneys and distributed over by the President to the estate of the late General Peron. At the time the cheque had the value of about \$850,000.

months, and it appears that a  
his and President Ford's efforts  
to smooth the path for the Sino-  
agreement's approval will not  
succeed unless Congressmen of  
all shades of opinion can be  
convinced that the Secretary  
being candid with them.

WASHINGTON, Sept. 4

If you want  
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BY GUY DE JONQUERES NEW YORK, September 4.

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**Test drive the Lancia Barchetta**

SY JAY PALMER NEW YORK, Sept. 4

[illegible]

## Anonymous

Others who were present, and who have preferred to remain anonymous, have reported variously that Sra. Peron said that she lost more weight during House for the first time in 17 days and, receiving the new army commander, General Jorge Videla, in an audience which was announced as one of pure formality remained

The image shows the front interior of a Lancia Beta saloon. It features two large, deeply-cushioned front seats with a vertical ribbed pattern. The seats are positioned in a roomy cabin with a light-colored, horizontally-ribbed dashboard and door panels. A handbrake is visible on the left side of the driver's seat. The overall design is clean and functional, typical of the 1970s.

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## EUROPEAN NEWS

## PORTUGAL'S CONTINUING CRISIS

## No end in sight

BY JANE BERGEROL IN LISBON

IT IS TEMPTING to see Portugal's political struggle as a straight fight between the Communist Party and its opponents. But, were it as simple as this, the two months' long crisis could probably have been solved some time ago.

At it is, a series of stalemates have occurred between the various factions inside the armed forces, ranging from the Communists and extreme Left through vague radicals to Socialists, while in the country at large, a wave of anti-Communist violence, spurred by agents provocateurs, has brought to the surface the people's economic and political problems plaguing Portugal.

Domination by Communists and the extreme Left against more moderate Socialists in the armed forces has alternated with domination by the so-called moderates, a disparate group of Social Democrats and more radical leftists—in a befogging jigsaw puzzle of shifting alliances among Army, Navy and Air Force.

Only the political parties themselves have kept to a constant position—Socialist and Popular Democrat conditions for re-entry into a representative Government were stated in mid-July when they resigned from the fourth coalition Government still under the premiership of the Communist-sympathising General Vasco Gonçalves. While there is still no sign that all of these conditions will be fulfilled, were the Communists to be defeated and rolled back from their domination of the fifth provisional Government, the moment is approaching for its comeback.

The Communists are now in a decisive retreat, but the allegiances within the Armed Forces Movement, between the Social Democrats and those of the more or less extreme Left, still make it difficult to predict just what comfort a Communist defeat will bring to the Social Democrats.

Although Portugal cannot be said to be in the grip of a military dictatorship—divisions and indecision continue to make any form of dictatorship completely impossible by force of arms—the military are still calling the tune. And this week's Army, Navy and Air Force assemblies building up to the AFM general assembly called to appoint a new Supreme Revolutionary Council are regarded as

"What is now worrying Portugal's three largest parties . . . is their ability to restore orderly Government and reflate a battered economy. If they fail, they also stand to lose the respect of the people."

and political education. The Coping security forces are split between Social Democrats and the extreme Left, and the rank and file, though supporting to some extent both Communists and extreme Leftists according to their units and their geographical location, are even more massively behind the so-called "moderate" group of nine officers led by the former Foreign Minister, Major Melo Antunes.

Armed confrontation between the various armed forces factions, although constantly in officers' minds these days as their men's restlessness increases and violence sweeps the country, still seems a remote possibility. Who ever moves first will be defeated, one officer explained. Massive support for the so-called moderate line among northern Army and Air Force units would not facilitate a pro-Communist move in Lisbon, where units are fragmented between Communist, extreme Left and Socialist supporters. And Lisbon must be taken for a coup to succeed. Similarly, if the Communists and extreme Left managed to move first in Lisbon, they would face the legions of northern Portugal, where units are still unacceptable bloody confrontation.

"The difference between us and the Spanish is that we are vain and they are proud. A vain man is afraid of fighting in case he loses face. A proud man is proud to lose his life," said perhaps a cruel comparison, but one that is felt by many Portuguese to be true. More specifically, commanding officers of many units are uncertain their men would follow an order.

At Tancos on Tuesday, where

the army assembly voted massively against General Vasco Gonçalves' appointment as chief of staff of the armed forces, the atmosphere was one of relief. Officers from rival factions, some in arms, a scapegoat for their divisions and bitterness had been found and General Gonçalves helped to hammer the nails into his own coffin by his disastrous loss of self-control in

group of nine this does not mean a social democracy springs immediately to life in Portugal. There are those within the group, aware that fresh elections could produce a conservative victory, who prefer a liberal, free but non-elected Socialist regime under military guardian angels which would allow their basic aims of a Socialist society to be given a fair try. Such officers have received guarantees from a number of leading Western countries that their scheme would be acceptable and aid would begin to flow back to Portugal.

They are, in the last analysis, far removed from the extreme Left as they are from the Socialists—and their power base consequently could prove extremely fragile. Whether President Costa Gomes leans more towards this faction of the nine than to the pro-Socialists is a moot point. General Otero Soravia de Carvalho, chief of Copcon, has also flirted with this group. The mood of the country however is of growing division for the endles fighting among the soldiers. While many people clearly hope the "group of nine" will come out on top, thus shutting the door on the spectre of Communist domination, the inability of the group, despite successive manifestos, to impose itself clearly and decisively has ended its reputation. The nine have lost much popular respect though perhaps not so disastrously as to destroy their authority should they end up the military masters of a new coalition Government.

What is now worrying Portugal's three largest parties, being considered by Admiral Pinheiro Azevedo for a sixth coalition of Socialists, Popular Democrats will be the general assembly of the whole movement where President Costa Gomes, the most ubiquitous of the armed forces leaders, will gladly bow to a majority decision, on the anti-Communist side.

This will be made possible by the Army's decision to follow the Air Force's decision to boycott a general assembly unless it is radically altered back to an elected body. After the March 11 failed Spínola coup, it became a handpicked bunch of Communists and extreme Leftists overwhelmingly from the Lisbon area. The Army wants to see at least proportional representation from all regions and elected membership, with some also pressing for secret ballot decisions. But given the possibility of a victory of the

## Right-wing backlash fears grow

By Jane Bergerol

LISBON, Sept. 4.

ARMY OFFICERS were meeting here to-night to decide whether or not to carry through their decision to boycott tomorrow's Armed Forces Movement general assembly.

The meeting is considered crucial to whether Communist-sympathising General Vasco Gonçalves is once and for all rejected as chief of staff of the armed forces. It is also designed to vote in a new Revolutionary Council, thereby confirming defeat either for the Gonçalves pro-Communist faction, or for the "Group of Nine" more moderate officers.

To-night's gathering came against mounting fears among armed forces officers that the current confusion and divisions within their ranks added to the imminent formation of a new Government would likely be a more stable and lasting Cabinet than its predecessors, could prompt another right-wing coup attempt.

The news that ex-General Antonio de Spínola was back in Europe, and reportedly on his way to Spain, added to a new wave of strikes inside Portugal and vociferous action by Angolan refugees is fueling fears that the Portuguese and Angolan crises will be used by right-wing forces to reverse the political direction of the military revolution.

Military sources to-day confirmed that a number of former top-ranking Portuguese Army officers have deserted to Frelimo in Angola, including Colonel Santos e Castro, the founder of Angola's Colonial Commando Regiment.

The same sources confirmed that the invasion from Namibia of South African forces into southern Angola, Portuguese-occupied territory, including a Captain Rosa Oliveira, once commander of the Colonial base Mozambique crack unit, the "Flechas".

Portugal has protested to Pretoria both verbally and in a formal written note about the invasion, and also informed the United Nations.

Aerial reconnaissance flights by the Portuguese Air Force produced photographic evidence of destruction of buildings inside the southern Angolan province capital of Namibe, and reports of the deaths of many people by the leftist Popular Movement for the Liberation of Angola (MPLA) that the invaders had taken the town with mortars and bazookas.

The invading force, Lisbon military sources said, was certainly smaller than the 800 men originally reported.

The sources said they saw a danger of expansion of the mercenaries' influence in eastern and southern Angola, particularly if South Africa continues either to turn a blind eye to mercenary reports of the border or to use them for its own purposes.

The former MPLA military commander, Daniel Chipenda, who defected to the Zaire-based FNLA is reported back in the south-east with a mixed force of men loyal to him, and of Portuguese and French mercenaries the sources added.

## W. German opposition ready for economy battle

BY JONATHAN CARR

BONN, Sept. 4.

AMID GROWING signs that the West German opposition will block part of the Government's new economic measures, in Parliament, the opposition leader, Dr. Helmut Kohl, has begun to name those who will be in the Cabinet if he becomes Chancellor.

There are still 18 months to go to the general elections. But, with the Government now under pressure in the wake of its decision to raise unemployment insurance contributions and eventually to put up taxes, Dr. Kohl clearly feels the time has come to begin to present an alternative Cabinet team to the public.

In view of the current economic difficulties it is not surprising that Dr. Kohl has begun by naming his choices as shadow Economic and Labour Ministers. The former is Dr. Gerhard Stoltenberg, Prime Minister of Schleswig-Holstein, and the latter Hans Ratzke, who was Labour Minister to the Cabinets of Ludwig Erhard and

Kurt-Georg Kiesinger in the 1960s. Further members of the team are expected to be named next month with most likely choice for the shadow Finance Minister, Dr. Hans-Joachim Strauss. He is head of the Christian Social Union (CSU), a Bavarian sister party of Dr. Kohl's Christian Democrats, and seems bound to the Vice-Chancellorship as well as his ministerial post in the event of a CDU-CSU Government.

Key members of the team, including Dr. Stoltenberg, Herr Ratzke and Herr Strauss, were meeting here to-day to decide on the economic difficulties it is not surprising that Dr. Kohl has begun by naming his choices as shadow Economic and Labour Ministers. The former is Dr. Gerhard Stoltenberg, Prime Minister of Schleswig-Holstein, and the latter Hans Ratzke, who was Labour Minister to the Cabinets of Ludwig Erhard and

At least part of the Government's action to bring state finances into order is on the cards.

## Slight drop in jobless

BY NICHOLAS COLCHESTER

BONN, Sept. 4.

THERE WERE no surprises changes in the West German unemployment figures over the slack holiday month of August.

The Labour Office revealed to-day that there were 1,031,000, or 4.5 per cent, of the workforce out of work at the month's end, compared with 1,036,000 in July. The number of workers on "short time work" did, however, drop by 108,000 to 591,000, or 5.7 per cent, to 6.4 per cent.

The figures suggest that the underlying deterioration in the German labour market over the year to date has slowed down but has not, as the head of the Labour Office, Josef Stiglitz, pointed out, reached any kind of

an upward turning point.

It was to be expected that short time work would not loom large in a month when so many workers were away on holiday.

The other labour statistics show that the number of positions vacant fell marginally last month by 2,900 to 252,800. Among West Germany's 2.1m. guest workers the unemployment rate dropped slightly from 5.3 per cent to 4.6 per cent.

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## Fiat sees slump turning point

BY RUPERT CORNWELL

ROME, Sept. 4.

WHILE THE troubled state-owned group Alfa Romeo is still holding the centre of the industrial stage, Italy's largest car manufacturer Fiat now believes that the worst of the prolonged motor industry slump may at last be over.

Late last night mediation talks at the Labour Ministry in Rome to settle the row over the working by Alfa employees at the company's Milan and Arese plants broke down in acrimony. Previously efforts by senior city and regional officials in the north had also failed to defuse the situation.

This morning further mass union meetings took place in Milan to decide further action. Once more, the bulk of the 15,000 men involved turned up at the achieved work had deliveries autumn, that is wide two factories, in defiance of the

company's order of an extra week's lay off until next Monday, following the slump in Alfa sales.

For all the heat and publicity generated by the Alfa Romeo dispute, it is the outcome of the regular autumn talks at Fiat, which will probably have the greater bearing on Italy's already tense labour climate, before wage contract negotiations for 4m. workers begin in a few weeks' time.

In fact the news from Turin around Christmas, when Fiat is reasonably encouraging. According to Sig. Paolo Annibaldi, head of the company team at the discussions, Fiat now believes that the worst of the crisis is past. In Germany, for example, Deutsche Fiat has just reported a 23 per cent rise in first half sales, and could have itself in the middle of deliveries autumn, that is wide two factories, in defiance of the

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## Soviet-Czech oil agreement

BY PAUL LENDVAY

VIENNA, Sept. 4.

THE SOVIET Union will supply 88m. tons of crude oil to Czechoslovakia during the 1976-80 period, thus covering over 90 per cent of that country's oil needs. This is one of the key provisions of the protocol on the co-ordination of Czechoslovak and Soviet five-year plans for the about 36m. tons of iron ore covering more than 70 per cent of Czechoslovak imports.

First details of the agreement, recently signed in Moscow, were now being revealed by Mr. Václav Hula, Czechoslovak Deputy Premier and Chairman of the State Planning Commissions in an article published in the Prague daily Právo in Prague.

Mr. Hula claims that the increasing supplies of Soviet crude oil, gas and electricity create favourable conditions for a stable energy balance in Czechoslovakia during the next five years. However, there was no reference made to the future price charged for Soviet crude.

The Soviet side will supply 88m. tons of iron ore covering more than 70 per cent of Czechoslovak imports. Expressing "appreciation" for the understanding shown by the Czechoslovak economy, Mr. Hula concluded that the 40 per cent of the results achieved in the 1971-75 period.

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lines of what the Opposition has been advocating. The CI has long demanded a cut in the growth of state expenditure—and last week the 1976 Budget will be presented, larger than the last year's, but still less than that for 1974. However, Government has also decided to raise unemployment insurance contributions, and value added, tobacco and alcohol taxes.

Here the Opposition has reservations. It feels contributions will be a burden on employees' payers at a time when the country is hoping for an economic upswing. It believes that the tax increases are an admission of a mental failure to make tough budgetary savings.

The upshot seems likely that the Opposition will be able to force the Government to bring state finances into order is on the cards.

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## Blackpool, September 4: Conference Report by John Wyles and Lorelies Olslager



## Official oil policy defended

CONGRESS YESTERDAY confirmed its demand for the nationalisation of oil exploration in the North Sea. But the general council strongly defended aspects of the Government's oil policy against attacks from the conference floor.

The delegates unanimously approved a resolution noting with some concern the Government's policy in regard to North Sea oil.

These actions "do not satisfactorily establish real control of the multinational oil companies in the interests of the British people," the resolution said. Congress therefore called on the general council to campaign for the nationalisation "of all our oil exploration enterprises."

In addition, the resolution demanded that the multinational oil companies responsible for the oil-rig construction work be made to ensure that the fabrication and construction of oil rigs and jackets be carried out mainly by British people and British firms.

## Mesmerised

Tabling the resolution on behalf of the Amalgamated Union of Engineering Workers Mr. R. Sneddon said negotiations between the Government and the oil companies were like a meeting between an amateur boxer and Mohamed Ali—with the Government constantly mesmerised.

Britain could not have a sensible energy policy if there was no public control over the oil industry, Mr. Sneddon added. The Government's proposal for state participation in the industry through the proposed British National Oil Corporation did not go far enough.

Speaking for the National Union of Mineworkers Mr. Bill McLean said the government had not made clear so far whether the oil corporation would be allowed to control the issue of licences. He said the government's taxation policy towards the oil companies was far too lenient, particularly compared to what was being done in Norway.

Speaking for the General Council, Mr. Frank Chapple, the general secretary of the TUC, said the General Council had long been trying hard to achieve the main goals set out in the motion and was therefore not opposing it. But some issues required a better understanding.

The greatest economic priority was to get the oil flowing in the shortest possible time.

The Government could expect revenues of between £3bn. and £4bn. from oil up to 1980. If it tried to tighten the tax screw even further oil companies might well consider pulling out and the revenue would drop.

Mr. Chapple said the trade union movement wanted to make sure that the money according to the British balance of payments from oil should not be "frittered away" through unnecessary orders of equipment overseas.



Expressions in thought and word as the conference debates Europe. Above, Mr. Hugh Scanlon (left), president of the Engineering Union, with Mr. Terry Parry, general secretary of the Fire Brigades Union. Below, Mr. Clive Jenkins, general secretary of ASTMS, and Mr. Jack Jones, Transport Workers leader.



## Pressure for import controls

TUC PRESSURE on the Government for selective import controls to avert further redundancies in a wide range of industries was stepped up when Congress gave overwhelming backing to a call for limits on imported textiles clothing and footwear goods.

Although the debate was brief, because Congress was running far behind its timetable, speakers moving the import control resolution echoed anxieties expressed in other debates this week.

The threat posed by imports to jobs in the TV tubes, glassware, motor car and electronics industries has been referred to repeatedly, and Mr. Len Murray, TUC general secretary, affirmed on Wednesday that the TUC would not relax its pressure for selective import controls.

The new problem was raised today in the shape of American and Polish imported coal which Mr. Emyr Williams of the National Union of Mineworkers, claimed was reducing miners' productivity. Miners were worried by the sight of mounting stocks at coal-fired power stations which were, at the same time, burning imported coal.

## Textiles

Moving a composite resolution on the problems due to imports in the textile, clothing and footwear industries, Mr. Derek Lambert, of the National Union of Hosiery and Knitwear Workers, claimed that the three

industries were losing 6,000 workers a month.

These jobs were being lost because imports were rising at an annual rate of 20 per cent. He did not accept the Government's argument about the risks of retaliation if imports were controlled. Some knitwear goods coming into the country were being marketed at a price lower than the cost of their raw materials.

Mr. Bert Comerford, of the Textile Workers' Union, warned that "time is short for the textile industry."

Imports had been responsible for making idle cotton and allied fabrics and spinning mills which had been re-equipped at a cost of £20m.

"The present level of imports is too high and is undermining the base upon which our industry is trying to build," he said.

Mr. Fred Hague, joint general secretary of the Amalgamated Textile Workers' Union, warned that "time is short for the textile industry."

The transport committee is one of the TUC's special trial committees and some of yesterday's frustrations stemmed from difficulties which unions sometimes have with reconciling their own policy views with those taken collectively by a TUC industrial committee.

The long composite resolution on transport policy was moved by Mr. Dave Bowman, president of the National Union of Railwaymen, who used his speech to give a vehement warning to British Rail that his union would not accept compulsory redundancies as part of any economy drive.

The resolution was concerned about nationalised industries' investment programmes and pricing policies and it complained about the lack of an effective transport strategy.

It went on to condemn the failure of the Labour Government to nationalise and integrate all forms of transport and called for Parliamentary legislation in the next session, to achieve this.

The motion also wanted a national transport board to have executive control of railways, shipping, road trunk haulage, road passenger services, parcels and warehousing, hotels, tourism and air transport. It also called for an immediate resumption of the Channel Tunnel scheme.

In his proposing speech, Mr. Bowman predicted a big battle with the Government over transport policy. The Government was failing to make full use of the country's 11,000-mile rail network.

Mr. Jones to accept a formula which would have enabled them to remit their resolution.

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## Unions ready for positive links with Europe . . .

THE BRITISH trade union movement is prepared for "constructive participation" in European affairs now that the people have decided to stay in the Common Market. Mr. Jack Jones, general secretary of the Transport and General Workers' Union, told Congress on behalf of the TUC General Council.

But he also warned that British unions will not tolerate inactivity, bureaucratic complacency or red tape frustration "either in the Community or in the European Trade Union Congress."

Reporting on the TUC's activities in the international field, Mr. Jones, whose union had been in the forefront of the anti-Market campaign, said the unions still felt that the results of renegotiation had not been satisfactory. But the country had decided to stay in the EEC and "we accepted the decision of the people and will take our place in the Common Market institutions."

## Progress

"It is now for us to do everything possible to protect the interests of British workers. Our intention is constructive participation," he added.

First steps have been taken with the appointment of a high-level General Council team to the Common Market's economic and social committee, an advisory body.

Mr. Jones expressed disappointment at the "slow progress" made in the European TUC. "A new invigorating approach is required to meet the challenge of big business domination and the economic disorders of Western Europe."

Mr. Jones stressed that for the TUC "the EEC is not Europe."

First steps had been taken towards some co-operation with "responsible organisations" in Eastern Europe and a further all-European union conference was in preparation. He hoped that in addition to questions of safety and the working environment, already raised that meeting would take up issues such as worker participation in management.

Mr. Jones made an urgent appeal to the Governments of West Germany, the U.S. and Japan as well as the American AFL-CIO trade union federation to stop their financial boycott of the International Labour Organisation in Geneva over the administration of the Palestine Liberation Organisation as an observer.

He and Mr. Len Murray, the TUC general secretary, would go to Syria shortly for talks with trade unions there. The TUC was also preparing to send a delegation to Cyprus.

Mr. Jones expressed concern at the emigration of British workers to South Africa and expressed the hope that all unions would develop "effective opposition" to this under the present circumstances.

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## Our voice needed in steel talks, says union

THE MAJOR trade union in the steel sector yesterday warned the British Steel Corporation that it wanted further consultation on the proposed re-organisation of the Corporation and would generally seek greater worker participation in planning for the future.

Mr. Bill Sims, general secretary of the Iron and Steel Trades Confederation, told Congress that he could not quite agree with the General Council's report that the trade unions felt the BSC Board should be allowed to create the administrative structure "it thought necessary."

Mr. Sims said he accepted that the BSC had the statutory right to move and second motions supporting the efforts of Portuguese and Spanish workers to win "free and democratic trade unions."

After Mr. McGahay, vice-president of the National Union of Mineworkers, had told delegates that the threat to democratic development in Portugal came from the Right, Mr. Hammond, the Communist Party of the Portuguese, Communist Party of adopting policies which amounted to a denial of freedom.

The Electrical and Plumbing Trades Union won the opportunity to launch its attack on Portuguese Communists by adopting Congress.

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## Left-Right accord on Portugal

CONGRESS WAS treated to totally conflicting explanations of Portugal's political crisis because of a procedural manoeuvre which brought together Communist miners' leader Mr. Mick McGahay and Mr. Eric Hammond, of the Right-wing Electrical and Plumbing Trades Union, to move and second motions supporting the efforts of Portuguese and Spanish workers to win "free and democratic trade unions."

Mr. McGahay, said that the NCU had accepted the amendment because it believed that the EPTU joined in the general "backlash" from the Right in Portugal.

However, Mr. Hammond claimed that nearly all the obstacles to democracy in Portugal were being raised by the country's Communist party.

He quoted, in his support statement, from Italian and Spanish Communist Party leaders criticising the tactics of their Portuguese comrades.

Notwithstanding this cleavage between the advocates of the motion, it was unanimously adopted by Congress.

## Buckton urges new effort over Northern Ireland

A PLEA FOR the TUC to make fresh efforts to encourage a solution to the Northern Ireland problem was made by Mr. Ray Buckton, general secretary of the Associated Society of Locomotive Engineers and Firemen.

Moving a resolution calling on the Government to introduce a Bill of Rights for Northern Ireland which would "ban all forms of discrimination on religious grounds and guarantee free democratic elections," Mr. Buckton asked the General Council to consider the feasibility of calling a summit meeting of all U.K. trade unions to discuss ideas.

Seconding the motion, Mr. Anthony Barr, of the Sheet Metal Workers' Union, said that as a resident of Belfast, he appreciated the union movement's concern over Northern Ireland.

Mr. Barr, who is Belfast chair-man of the Confederation of Shipbuilding and Engineering Unions, said it was essential that representation be made to the Government and that the whole movement rally to ensure that the people of Northern Ireland were left in no doubt about British concern.

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## OTHER LABOUR NEWS

## Shelton steelworkers plan sit-in

BY CHRISTIAN TYLER, LABOUR STAFF

ABOUT 1,000 steelworkers will stage a sit-in at the British Steel Corporation's Shelton works near Stoke in protest at cancellation of their weekend shift, shop stewards said yesterday.

They accused the BSC of breaking a local agreement under which the production workers were already taking a cut of £30 in their normal earnings of £75 a week.

BSC, they said, had "cracked down" on the plant locally following the Corporation's failure to reach agreement on further cost-cutting with unions at national level talks in Blackpool on Wednesday night.

Mr. Phil Tomlinson, Transport and General Workers' Union convenor at Shelton said yesterday that the unilateral cancellation of Sunday work meant the men lost a Sunday work meant the men lost

They would lose another £10-£12 a week. "What else do they want? There's only blood left," he added. "Some of the lads would be more on the dole."

The plant is on a Sunday to Thursday week, but production of steel is going on only one week in two. The coming week would be one of the "non-production" ones,

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MICHAEL BLANDEN reviews the SANDILANDS REPORT

# Emphasis on instituting new inflation accounting rules

When the Sandilands committee on inflation accounting started its sittings in January 1974, it rapidly became clear that the existing accounting conventions had failed to indicate the extent of the inflation crisis in the company sector.

This comment is made by the committee in the introduction to its report, published yesterday. The U.K., it points out, is "in the grip of the worst period of inflation in its history." The impact on the company sector was particularly apparent in the liquidity crisis of last year.

Though companies have been helped by Government relief and the revival of the stock market, "the liquidity crisis is not over yet and the inflationary pressure on costs remains."

Existing accounting conventions, it was suggested to the committee, may even have made the position of companies worse — particularly by encouraging them to pay bigger dividends and wage rises than they could really afford.

It was suggested "that by applying tax assessments to the conventional 'profits' declared by companies (albeit with certain adjustments and allowances) the Government itself has contributed to the liquidity crisis of industry."

These comments serve to underline the continuing urgency of instituting new rules enabling companies to take account of the impact of inflation on their figures. The urgency has been fully recognised by the committee under Mr. Francis Sandilands, chairman of Commercial Union Assurance, in producing a unanimous report in just 17 months.

The report is unanimous, and contains no formal reservations by any of the 12 members of the com-

mittee. None disagreed with any major part of the recommendations. To achieve this, individual opinions and preferences have sometimes had to be modified "for the sake of a solution which could be put forward as the best collective view."

The committee was set up against the background of accelerating inflation and the publication in January 1973 of the accounting profession's proposals for dealing with the problem through a system of current purchasing power accounting, later enshrined pending Sandilands as a provisional accounting standard.

Though the investigation was announced in mid-1973 by the Conservative administration, however, it did not get under way until the beginning of last year; its activities were endorsed by the new Labour Government in March 1974.

The terms of reference were "to consider whether, and if so how, company accounts should allow for changes (including relative changes) in costs and prices, having regard to established accounting conventions based on historic costs, the proposal for current purchasing power accounting put forward by the Accounting Standards Steering Committee, and other possible accounting methods of allowing for price changes, and to make recommendations."

Specific issues to be taken into account included effects on investment and other management decisions and the efficiency of companies, the effect on the efficient allocation of resources through the capital market, the need to restrain inflation in the U.K. and the requirements of investors, creditors, employees, Government and the public for information.

## Three main conclusions reached

THREE main conclusions have been reached by the Sandilands Committee on inflation accounting.

FIRST, the committee considers that "it is essential that accounts should allow for changes in costs and prices."

SECONDLY, it considers that "existing accounting conventions do not do so adequately, and tend to present the affairs of companies in a misleading way. The overall usefulness of historic cost accounting is 'sharply reduced' during a period of rising costs and prices as a direct result of some of the conventions on which it is based."

THIRDLY, while the Committee recognises the valuable contribution made by the accountants' provisional standard on inflation accounting, "we consider that the most fruitful line of development in inflation accounting is a system based on the principles of value accounting, which shows the specific effect of inflation on individual companies."

Given the modifications already made to conventional historic cost accounting, the new system would be "revolutionary rather than 'evolutionary'" and the committee believes it would be a practical system "which will allow for the effect of changes in costs and prices on a company's affairs more clearly than existing accounting conventions, both when costs and prices are generally rising and when they are falling."

### Comprehensive

In the committee's opinion the proposed method of Current Cost Accounting (CCA) "is a fully comprehensive method of accounting for inflation, and we do not consider any useful purpose would be served by combining it with the current purchasing power (CPP) method."

The report is divided into five parts. The first (chapters 2-6) examines the measurement of the effects of inflation, the legal background to accounts and the role of the accounting profession and discusses some of the fundamentals of accounting theory.

The second section (chapters 7-11) examines existing and proposed accounting methods and concludes that more comprehensive proposals need to be considered. It goes on to look at three alternative proposals: CPP, "value accounting" including replacement cost and "cash flow accounting."

The third part (chapters 12-14) contains the committee's recommendations for a system of current cost accounting.

In the fourth part (chapters 15 and 16), the committee discusses the implications of the proposed system for public policy, including taxation and price controls.

Finally, in chapters 17-20, the report considers other implications, the position in other countries, and the relationship with "indexation."

### Profit

The committee adds a warning: "We believe that Current Cost Accounting will indicate more clearly than existing accounting conventions the effect of inflation on a company's affairs and that it is urgent that it should be introduced as soon as possible. However, it should not be assumed that accounting for inflation is in itself a panacea for the difficulties during a time of inflation. By demonstrating the effect of past inflation on profits, Current Cost Accounting will provide companies with more useful information than existing conventions on the amounts they can distribute in the form of dividends, or pay in increased wages and other costs without eroding the capital required to carry on their business. Moreover, in providing information about the past in a more useful form, Current Cost Accounting may help a company to make an

assessment of the possible effects of future inflation. The committee then goes on to consider the measurement of net assets and profit. It argues that the task of accounting is to measure a company's "net assets" at a particular date and its gain or loss during a particular period.

"In order to be meaningful these measurements need to be expressed in terms of a common unit. Gains may be classified as (a) 'realised' or 'unrealised' and (b) 'holding', 'operating' or 'extraordinary' gains."

In different circumstances, it is pointed out, different types of gain may be regarded by companies as "profit." Any concept of profit "implies an underlying concept of 'capital.'" Accounting systems may be classified under three headings:

1—The unit of measurement used.

2—The basis adopted for measuring net assets.

3—The extent to which total gains during a period are regarded as "profit."

The committee examines two possible units of measurement: (a) "realised" or "unrealised" and (b) "holding", "operating" or "extraordinary" gains.

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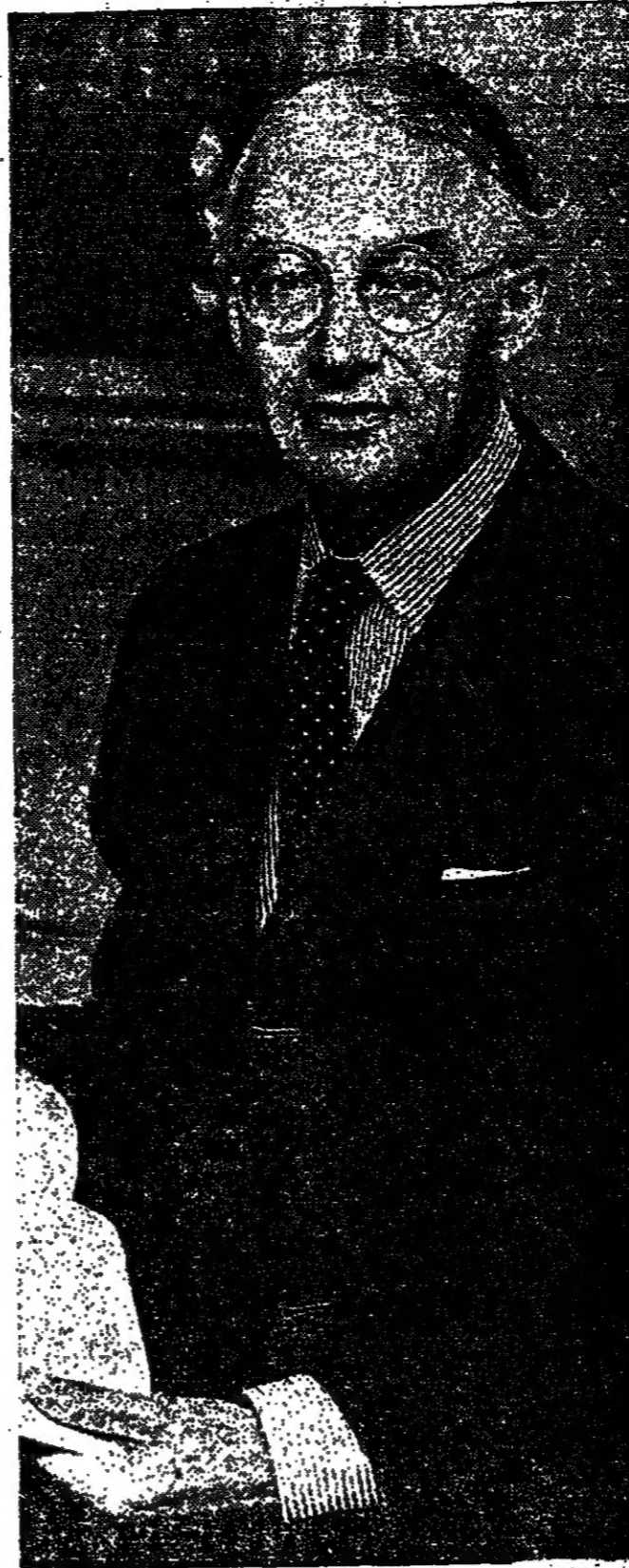
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Mr. Francis Sandilands, chairman.

problem of stock appreciation has become so serious for British industry that something must be done to remove this distortion from company profits.

"The last in, first out (LIFO) and base stock methods of stock valuation have been proposed in an attempt to deal with this problem but base stock has only limited application and LIFO is not to be recommended for a variety of reasons, including the practical difficulties involved in its application."

"It is clear that more comprehensive proposals for dealing with the problem need to be considered."

Of the specific modifications to historic cost accounts so far, the most important is the provisional standard on CPP accounting established by the accounting bodies.

This provides for supplementary statements to be produced in which balance sheet and profit-and-loss account figures are adjusted for the impact of inflation in relation to the retail price index.

While recognising the contribution made to the debate on inflation accounting, the committee is critical of this technique.

It is "conceptually difficult," it is found, and "in our opinion a unit of measurement with an absolute value through time is

unattainable, and the search for such a unit is illusory."

"We see no advantage in drawing up accounts in current purchasing power units rather than in units of money. If U.K. company accounts are to show more adequately than at present the effect of changes in prices it is accounting practices that must be changed, not the units of measurement in which accounts are expressed."

The committee concludes: "In our opinion the proposals in SSAP7 (the accountants' inflation accounting rules) represent an important and constructive attempt to provide a practical means of accounting for inflation without changing the basic principles of historic cost accounting."

The publication of SSAP7, and the public debate that has followed, have made companies much more aware than previously that inflation can have serious effects on their results, and that during a period of inflation historic cost accounts may have significant deficiencies. This in itself is a vitally important achievement."

However, in the long-term the CPP method does not remedy these deficiencies and introduces a new set of problems

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## Important taxation implications

by expressing company accounts in terms of a new unit of measurement.

Having examined various forms of value accounting, the committee then sets out its recommendations for a new basis of financial reporting.

The principles of current cost accounting.

The committee's recommendations are as follows:

1 All companies should as soon as practicable adopt an accounting system to be known as "Current Cost Accounting" the main features of which are:

(a) Money is the unit of measurement;

(b) Assets and liabilities are shown in the balance sheet at a valuation;

(c) "Operating profit" is struck after charging the "value to the business" of assets consumed during the period, thus excluding holding gains from profit, and showing them separately.

2 Current cost accounts should as soon as practicable become the basic published accounts of companies.

However, the net book value of assets on a historic cost basis and historic cost depreciation should continue to be shown in notes to the accounts.

3 Companies should include a funds statement with their accounts, and directors of all companies should be required to include in their annual reports a statement on the adequacy of the cash resources likely to become available to meet the company's requirements in the ensuing year.

4 It is not recommended that CPP supplementary statements should be attached to current cost accounts.

5 A Steering Group should be set up to oversee the introduction of Current Cost Accounting. A Statement of Standard Accounting Practice should be issued as soon as possible requiring listed companies, large unlisted companies and nationalised industries to follow an initial standard of Current Cost Accounting at the earliest practicable date.

It should be made mandatory for such companies to adopt Current Cost Accounting for accounting periods beginning not later than December 24, 1977, if this proves feasible.

The committee goes on to examine some problems associated with the valuation of assets and other details, and then sets out recommendations for "an initial standard of current cost accounting."

This, it is pointed out, is not intended to form an accounting standard itself, since the committee has not had time or resources to research into all the practical aspects involved.

The committee recommends that these should be published as soon as possible and expanding and refining the list should be considered at the earliest practicable date.

Urgency

Similar suggestions are made in relation to stocks, to help companies which find it impractical to value by other

methods, and it is stated that the Government would be prepared to consider sympathetic recommendations that they would be published.

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## Main points of the recommendations

### CURRENT COST ACCOUNTING

The Committee recommends that an accounting system to be known as Current Cost Accounting should in future become the basis of companies' published accounts. The principal features of this system are:

1 The unit should be equal to that of all users of accounts.

2 The unit should not change from year to year.

3 The unit should be the same for all enterprises presenting financial statements.

4 The unit should preferably be a physical object which could be exchanged by the users of accounts.

5 The unit should represent a constant "value" through time.

Besides the need for these conditions to be met by the unit of measurement, the committee argues that these general conclusions can be drawn:

The basis of measurement of net assets

There is a requirement for information on the historic cost of net assets and on their current "value" on a number of different bases. The dominant requirement is probably for information on the "value to the business" of net assets.

The concept of profit

### PROFIT AND LOSS ACCOUNT

The figure for depreciation in the profit and loss account should be a proportion of the figure of the "value to the business" of assets shown in the balance sheet, rather than a proportion of their cost.

Extraordinary gains may be shown as profit but should be distinguished from operating gains.

Accounts drawn up in this way should become the basic published accounts of companies. In addition the net book value of assets and depreciation for the year on a historic cost basis should be shown in notes to the accounts.

The committee does not recommend that CPP statements should be attached to Current Cost Accounts.

Little useful additional information would be presented to a user of accounts by such a procedure and the effect would be to confuse him and to make the annual statements too complex.

The balance sheet

The "value to the business" of any asset owned by a company is the loss the company would suffer if it were deprived of the asset. In the great majority of cases this is equal to the amount it would cost the company to replace the

### TOTAL GAINS FOR YEAR: SUMMARY

Companies should include in their accounts a summary statement of total gains for the year, showing separately their operating gains (current cost profit), extraordinary gains and holding gains (including stock appreciation).

Companies should include with their annual accounts a statement showing the sources and uses of funds in the year of account.

It is not practical to require that companies should publish forecasts of future cash flows with their accounts.

However, directors should include in their annual reports a statement on the adequacy of the cash resources likely to become available to meet the company's requirements in the ensuing year.

Funds statement

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Funds statement

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### IMPLEMENTATION OF CCA

The committee recommends that a steering group should be set up to supervise the introduction of Current Cost Accounting.

If it proves feasible after the detailed programme has been worked out, the following categories of company would be required to draw up their published accounts in accordance with the principles of Current Cost Accounting for accounting periods beginning after December 24, 1977:

Companies listed by a recognised stock exchange.

Companies not within category (1) which disclose in their published accounts for the previous period either: a turnover in excess of £10m. or total assets in excess of £10m.

Nationalised industries.

Other companies would in subsequent years progressively be required to draw up their published accounts in accordance with the principles of Current Cost Accounting.

The above summary is extracted from the official "Brief Guide" to the Sandilands report, published by HMSO at 30p.

Chief advantages of CCA

The principle of showing assets and liabilities at their "value to the business" will enable the comparative returns on capital employed of different companies to be assessed in a more useful way during a time of inflation than is possible with existing accounting conventions.

The clear separation in the accounts of holding, operating

### MONETARY ITEMS

Much of the discussion on inflation accounting has involved the treatment of "gain" arising from borrowing during a period of inflation, and the "loss" arising from holding cash or near cash (such as debtors).

Such "gains" or "losses" arise in terms of purchasing power, and are thus a central feature of. Regard them as "gains" or "losses" in terms of monetary units (pounds).

Under Current Cost Accounting such "gains" or "losses" are not included in profit

and extra-ordinary gains will lead to a clear distinction being made between gains which are due to a company's productive efforts and gains due to luck or skill in the timing of purchases of assets during a period of inflation.

Such a form of accounting presentation will enable the performance of companies to be assessed and compared in a more useful way than existing forms of accounting presentation which do not make such distinctions.

It is also particularly important for internal management purposes during a period of inflation to have information clearly distinguishing operating and holding gains.

The principles of Current Cost Accounting are developments of accounting techniques already in use by a number of companies.

For example, the "revaluation" of property assets in company accounts is already widespread, and the principle underlying the "cost of sales adjustment" forms the basis of the "base stock" method of accounting for stock. Current Cost Accounting is an evolutionary rather than a revolutionary system of accounting.

However, the effect on the shareholders' interest (whether beneficial or adverse) arising from a company's productive efforts and gains due to luck or skill in the timing of purchases of assets during a period of inflation will show through in a Current Cost balance-sheet.

The reason for this is that any holding gains which arise on assets financed by borrowing will be credited to the shareholders' interest while the company's liabilities will remain unchanged.

### Other implications of policy are also covered

The committee also considers that Current Cost Accounting should become the basis on which the Government price control policy should be based. It should also form part of the profit formula used by the Government to control company prices.

The committee believes that the adoption of an accounting system using Current Cost Accounting would be a major step towards the equity and the long-term stability of the market.

The effect on the level of inflation is also considered. The committee believes that the introduction of Current Cost Accounting would cause a rise in prices which would not alter the position of a company's profits. It is unlikely to add more than a few percentage points to a company's profitability in the long run.

Any such likelihood is weighed by the advantages of Current Cost Accounting. The point of view of the committee is that the introduction of Current Cost Accounting would be a major step towards the equity and the long-term stability of the market.

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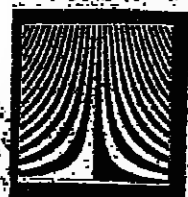
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# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## INSTRUMENTS

### Joint venture base for world success

BRITISH industry is often accused of being able to innovate but not follow through to the innovation on world markets. Yesterday, Racal and other sources anywhere in the world disclosed, equipment on many of the pundits would have said was not possible. Racal has made use of the CDI, a large scale integration technology pioneered by Ferranti to steal a possible two-year advance over other manufacturers of digital counting equipment, including all the well-known American companies. Seen from a company purchase officer's viewpoint, the new series 99 units now offered by Racal provide many new functions at no price increase over current designs, which is a remarkable achievement in the light of current inflation. Seen from the angle from which the technical user will view it, the new equipment has immediate advantage in its extremely low failure rate—so low that it cannot yet be quantified so low that it allows the company to give a two-year guarantee on the possibility that the equipment will have a 50-50 chance of continuing to function after a breakdown simply by replacing the main LSI. Racal is retaining full rights in the masks and the layout of a chip, which is an extremely complex device comprising over 400 discrete functions on a 120 square millimetre chip. This chip replaces some 140 L devices used to set up the initial designer's concept of the instrument and it is fair to say without the Ferranti technology to develop what is the known production device of counting directly up to 50 MHz and more, Racal would have secured its present position so far as reliability is concerned. Racal has recorded 500,000 hours of operation on production chips without failure.

## COMMUNICATIONS

### Racal aims at tactical markets

RACAL plans for future growth in tactical communications involve extremely close working between Racal-Mobical and Racal-BCC. A new company, Racal-Tacticom, has been established as a holding and marketing company to bring together the two groups and give overall direction. Racal-BCC and Racal-Mobical will continue to design and manufacture but marketing will be the responsibility of Racal-Tacticom. It will thus have a powerful marketing organisation, the strongest in its field in the world, the company says. It will be able to concentrate efforts on international markets already established.

The Racal-Tacticom product range is used by military, paramilitary and police forces, in both the portable and mobile—land, sea and air—roles in over 120 countries throughout the world. The range, comprising HF and VHF radios, provides a total tactical communications capability. Racal is looking for a turn-

over of not less than £30m. in Tacticom's first year of operation. More armed forces already use Racal-Tacticom's equipment than that provided by any other individual manufacturer. Overseas sales should be well over 75 per cent of all production.

## PROCESSES

### Repairing damage after fire

A SMALL Danish company has developed techniques for renovating fire-damaged electronic equipment. The company, Lamentic A/S, of Silkeborg, is working in co-operation with local insurance companies and claims to be saving both industry and the insurance companies very substantial sums.

Lamentic has set up a Swedish company this year and expects to be operational in Norway and the U.K. before the end of the year. It is also negotiating with insurance companies and manufacturing firms in other European countries. Electronic equipment is often damaged by acid corrosion which develops as a result of fumes from burning plastic. Although

a fire may only be small, and the apparent damage to equipment slight, over a period of months corrosion will often make electronic equipment unreliable. By this time the damage is irretrievable and the equipment must be completely replaced.

The Inmenic service, called Pi-Re-New, moves in within hours of a fire, disassembles equipment and takes it to its special laboratory in Silkeborg, first of its kind in Europe. The equipment goes through a lengthy chemical cleaning process, combined with the use of ultrasonics for removing small adherent particles. The cleaned equipment is returned to the owner and installed and tested on the premises.

The process has shown that claims on insurance companies can be cut to 7 to 10 per cent of the sums which would have been payable if damaged equipment had to be replaced, according to Mr. Klaus Aarup, marketing director. Equally important, a company does not suffer a long break in production while new equipment is ordered and installed, a process which can often take months. Inmenic will normally be able to renovate and reinstall equipment within one or two weeks.

The company has about 45 employees and had a 1974 turnover of Kr5.5m. (£440,000). It is at Sankelmærksvej 72/76, DK-8600, Silkeborg.

### Low-cost printer

UP TO 132 characters can be printed across 8½ in wide paper (10½ per inch) at speeds up to 3400 baud using the 200 KSR/XL printing terminal offered by

Edgware, Middx. HAS 70U (01-862 8471).

The unit forms characters in a 7 x 9 matrix and provides a 96 character font with both upper and lower case. Speeds are selectable in seven steps from 7.5 to 240 characters/sec. (75 to 2400 baud), and effective throughput is increased by discrete line feed and carriage return from any point on a line.

Non-impact printing on electro-sensitive paper provides virtually silent operation and the copy produced is smear-free. It will not flake or discolour with age claims the company, and is easily reproduced. No ribbons, toner or other fluids are needed.

Accepting the usual codes, the printer can process serial or parallel data and is designed to interface with crt terminals, computers and other digital equipment. Other character sets and input/output levels can be supplied.

### CALCULATORS

#### Users are given many options

MANAGEMENT calculators which provide programmed calculating power for many business computations are offered by Hewlett-Packard under the designation HP-22.

Full financial capability is combined with basic business, advanced statistical and mathematical functions for solving problems in financial and investment analysis, accounting, banking, marketing, retail, research and general business management.

At £99, including VAT, the

HP-22 includes many functions resulting from market research among the international business community. One example, at the request of U.K. and European users, is the function which calculates payments at the beginning or end of payment periods for loans—vital in determining the most profitable or least costly method for investment decisions. Another is the ability to calculate the true annual interest rate on repayment loans.

The 22 contains four working registers, five addressable financial registers and 10 addressable storage registers.

Keys are provided for evaluating a combination of time and money problems including simple and compound interest, present and future values, number of periods, interest rate, loan payments, sinking funds, annuities ordinary and due, discounted cash flow, depreciation and internal rate of return.

Capabilities exist for making analyses and forecasts using accumulations, mean and standard deviations, linear regressions and estimates and growth curves. Functions such as common logarithms, natural anti-log, square roots, raising numbers to a power, multiplication and division by the constant 12, as well as the four basic functions are also part of its repertoire.

Percentage, percentage difference, percentage of total, net amount, mark-up, chained calculations are part of the business-oriented abilities of this machine.

This combination allows the user to evaluate many business problems and financial opportunities from several viewpoints to arrive at the optimum solution.

Hewlett-Packard, King Street Lane, Wincoburn, Wokingham, RG40 3AR. Wokingham 784774. (0703 32852).



## ELECTRONICS

### Keyboard has reed switches

WHERE A low profile and small size are important, keyboards using reed switches offered by Hamlin Electronics should prove useful.

The miniature magnetically-operated reeds employed are specifically designed for high speed, high reliability switching over an extended operational life. A range of key configurations is available covering one to 12 positions with the keytops double-shot moulded to ensure maximum clarity and resistance to wear. The colours of the base and legend are identical and a contrasting colour is used for the face.

The keyboards are available with either standard pin terminations for PCB mounting, or are PCB-mounted for edge connector applications.

Actuating force is low and the operating distance is only 2.00 mm. Maximum switched voltage is 28 V dc and the contact rating is three watts. More from the company at 14 New Road, Southampton, Hants SO2 0AA.

# Even this year you can afford new trucks.

## Mobile gas analyser or oxygen

### Portable oxygen indicator

LAUNCHED at this year's Control Instrumentation Exhibition, held in London was a new portable oxygen gas analyser from Taylor Servomex of Crowborough, Sussex (08928 2181).

The OA282 is compact, lightweight, simple to operate and extremely robust. It is designed primarily for industrial, marine and medical applications. In accordance with the new Health and Safety Act, the device is suitable for monitoring working environments for the lack or excess of oxygen.

Two versions are available: industrial and marine applications and for laboratory and medical applications. Weighing only 3 kg, the 382 is housed in a virtually unbreakable polycarbonate case. To withstand severe shock, a specially robust version of the unit is available. Accuracy to ±3 per cent. Servomex's 'dumbbell' test can be maintained for 30 seconds without loss of accuracy. Operated from standard 12V and 24V battery cells, the portable direct readings may be obtained with three switched ranges of 0 to 18, 25 and 100 per cent oxygen. Accuracy to ±3 per cent can be maintained for 30 minutes after calibration. The instrument will operate between -20 and +50 deg C.

The OA282 has been certified as intrinsically safe by BASSEFA and the marine version, supplied in a waterproof carrying case, has been approved by Lloyd's for use on ships. Operation is from dry cells, and the weight is 3 kg.

## Mobile gas analyser or oxygen

### Portable oxygen indicator

ment will operate between the temperatures of -20 degrees C to +50 degrees C.

Taylor Servomex, Crowborough, Sussex, 08928 2181, for further details.

A LIGHTWEIGHT, easily operated, robust and portable oxygen analyser has been launched by Taylor Servomex, Crowborough, Sussex (08928 2181).

Intended for industrial, marine and medical applications the OA282, in accordance with the new Health and Safety Act, is also suitable for monitoring working environments for lack or excess of oxygen.

Simple direct readings can be obtained with three switched ranges of 0 to 18, 25 or 100 per cent oxygen. Accuracy to ±3 per cent. Servomex's 'dumbbell' test can be maintained for 30 minutes after calibration and the instrument will operate between -20 and +50 deg C.

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## PRODUCTS

### Electric hole saw range

NEW HOLE saws in 20 and 25 mm sizes are available from guard fixings. 41 Onslow Road, Southampton SO2 0JL (0703 32142). Other sizes will be available soon, the company says.

The carbon steel saw blades have a short reach to ensure rigidity, and to reduce eccentricity and wear. The blades are made of solid aluminium, and are designed to close tolerances with head screws which resist age by screwdrivers. A die ended body is available, the company recommends (and supply) split-point cutting.

For accurate positioning, the Vanguard drills are mounted on a skidding and fast rotation. The Vanguard drills are short flutes so that when the blade comes into operation the tool is centred by the non-die shank.

## Resilient mount for components

JOVE method of mounting components such as lines logs, are subject to mechanical overload protection may allow k has been devised by Mr. S. Klinger of the National Office materials to be used than tute of agricultural would otherwise be necessary.

Companies interested should contact Lewis Wilson, Mechanical and Civil Engineering Group, BRDCE, London, SW1E 6SL, 01-832 3400.

By agreement between the Financial Times and the BBC, any agricultural machines information from The Technical Page is available for use by the Times, blades or beating Corporation's External Services are mounted. A design of a source material for its over-to ensure that the arms send broadcast.

## Electric hole saw range

yield when they strike, say, staves or other heavy objects while working on grass, hay or other crops. In the past, shear pins, spring-steel lines and coil springs have been used to provide the necessary protection from damage, but such elements can be expensive and the replacement of damaged parts is often difficult. Designs in which a resilient material is used to link the lines to the rotor have been proposed, but their advantages are that the time orientation and the clearance with other components may be affected by the speed of rotation and that the resilient material may fatigue rapidly, with the replacement of fatigued components being too complex for the farmer to undertake.

The mounting, devised at NIAE, is distinguished from previous designs in that each arm is pivoted directly from the rotor and cushioned against shock by a resilient element subject to compression rather than torsion.

Non-agricultural applications might be in materials handling or conveying equipment. The principal advantages of the mounting over other types are that any protected component is positively linked to the rotor or other actuating device, and that the resilient blocks can be made easily replaceable and fatigue less rapidly than torsional mountings.

In many cases this form of protection may allow expensive types of steel, or other materials, to be used than otherwise would be necessary.

Perhaps you didn't realise that new trucks do not necessarily mean new capital expense. Perhaps also, and most understandably, you have decided that your present equipment is adequate for the time being.

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Good news in a tough year.



## The coming shortage of town centre schemes

With so few new schemes to choose from, retailers appear to be making sure of their presence in any successful scheme that is going ahead. The outlook is not rosy for further town center schemes because of the impending Community Land Act and the present Development Gains Tax. The political and financial problems combined with the difficulty which many companies

The development, on 8 acres between King Street, Gabriel's

the letting agents. The main contractors have been Tysons.

square foot but this includes a director's suite of 1,851 square

optimism about further industrial development in the area.

interest. Frequently the person to contract for further informa-

in the way suggested. Yet so misleading are some of the releases

live than the standard  
circular, is to be repeated

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Widnes, Cheshire	7,900; 10,000
	14,000; 20,000
Salem, Mr. Cambridge	20,000
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	20,000
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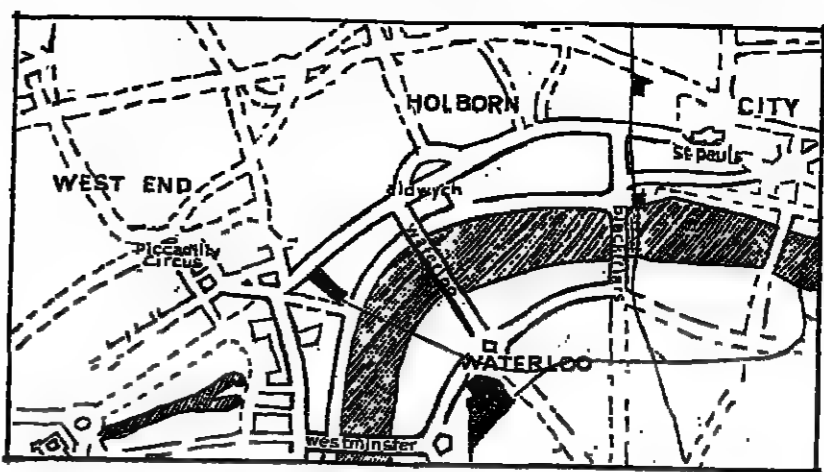
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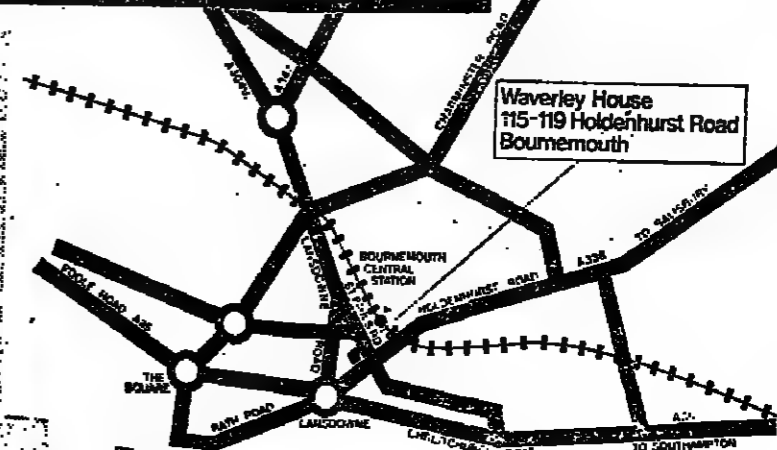
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FRIDAY, SEPTEMBER 5, 1975

## Counting the real costs

IT IS PROBABLY impossible to devise any method of company accounting which fully meets all the conflicting requirements of the users of accounts: objectivity for the purposes of auditing, but up-to-date valuation for the purposes of realism; an account both of the monetary and of the real welfare of the company; a system which will meet the different needs of manufacturing, dealing and financial enterprises; or a system which will be regarded with equal favour by employees and shareholders, customers, management and Government. Certainly the report of the Sandilands Committee on Inflation Accounting will not please everyone, so perhaps the first point which should be stressed is that it offers a great advance on the existing system.

## More realism

Current Cost Accounting, the system which the Committee proposes should replace the existing system of accounts based on historic costs, would above all improve the realism of company accounts. Stocks and capital assets would be shown at their current value to the firm, rather than at a written-down historic cost which in a period of inflation is invariably much too low. Because capital values would no longer be understated, the value of capital consumed in producing the year's output would also be shown at a realistic figure. Trading profits as now defined would be divided into operating profits and "holding gains"—the generally unrealised appreciation in the value of stock and work in progress. In general, such gains are neither available as cash (on the contrary, they have to be financed), nor can they wisely be distributed to shareholders or paid out as wages. A realistic definition of operating profit, measured against an up-to-date valuation of assets, would further provide a much closer comparability of accounts between companies, and thus assist the judgment of investors.

Had accounts been drawn up on this basis in recent years, companies would have been much better placed to meet the financial strains which have resulted from accelerating inflation. The need to put holding

gains to reserve and to make realistic provisions for capital consumption (a more realistic term than "depreciation") would have given clear warning of the drastic squeeze on operating profits which was imposed by rising costs; the situation of companies like Rolls-Royce might have been understood in time for remedial action to be taken.

Further, Governments might well have accepted the notion that operating profit—together, perhaps, with any holding and extraordinary gains which the management thought it prudent to declare as profit and treat as a basis for distribution—was also the right basis for tax liability. Had this been so, the emergency concessions of November, 1974—which had roughly the same effect, and which the Committee proposes should be rolled forward until a new basis for taxation is agreed—would never have been needed. These facts should make clear the large merits of the Committee's proposals.

Against this, the proposals have two important defects. The first and fundamental one is that what is proposed is not an inflation accounting system at all. While it insures that the company provides, so far as it can, to maintain its real assets, it does nothing to preserve the real value of the shareholder's interest, which is what owners would expect of an inflation accounting system. On the contrary, "gains" due purely to inflation would carry a contingent deferred tax liability.

For the same reason, the proposed system would do nothing to help financial companies, whose assets do not rise in cost as a counterpart of inflation. This is essentially a system for manufacturing companies. Instead of expressing a judgement on the (taxation of) purely nominal and illusory gains, the Committee has passed the buck to a Royal Commission which it would like to see established. It would have made a stronger case for a commission by facing this issue. Finally, the Committee's suggestion that its system should become mandatory in just over two years is surely unrealistic, given the burden of valuations and preparation of indices needed. Less haste might also make it possible to devise a still better system.

## Reflation package in France

IF THE KEYNOTE of the German reflationary package introduced last week was fear of inflation, that of the much larger French programme announced yesterday was fear of unemployment. As a result of the deflationary measures introduced in the wake of the quadrupling of oil prices, the French government has managed to bring down the rate of inflation sharply, and while it is still not as low as the German rate, the most recent figures suggest that it is running at less than 10 per cent. But the cost of this achievement has been a sharp downward revision in the government's highly optimistic forecasts for economic growth this year, and a steep increase in the level of unemployment.

Already there are some 800,000 out of work, and the number is expected to swell in the very near future to 1.2m. as this summer's school-leavers attempt to join the labour force. The impact on employment of a negative growth rate for 1975—output might be 2 per cent down compared with last year—has been magnified by a steep increase in company bankruptcies and by the difficulties of such nationally known concerns as the Boussac textile group. The trades unions are now demanding an employment summit to discuss ways of alleviating the situation by such technical but expensive devices as a reduction in the working week, and it is partly in anticipation of political difficulties on the labour front that the government has launched such a large reflationary programme.

It may be doubted whether at this level of unemployment the unions would really have the stomach for a fight with the government, despite the fact that the autumn is a traditional time for labour conflicts. The primary explanations for the scale of the government programme may therefore be that measure, decided to reflate

memories of the events of May 1968 are still relatively fresh, and that a negative growth rate must be anathema to a President (and ex-Finance Minister) whose aim has long been to challenge Germany as the most powerful economy in Europe. Amidst all the uncertainties over the outlook for the rest of the world economy, the French strategy is not without its risks. The German government took the austere view that there was no future in trying to compensate domestically for a continuing shortfall in demand in its major export markets, and limited its latest reflationary package (the fourth in 18 months) to some £1bn. The French government has taken the opposite view and is trying to compensate for what it regards as the meagreness of the German effort with a package which is substantially bigger.

## Main danger

The main danger, of course, is that, while the government has tried to include relatively self-acting measures, the main impact will tend to be felt when the recovery elsewhere has become more pronounced. At the same time, the rise in unemployment has failed to prevent a sharp increase in industrial wage rates—the latest quarterly figures suggest an annual rate of nearly 20 per cent, a year on that there is some cause for concern lest the reflationary package trigger off another upward surge in the rate of inflation.

Yet despite this danger, and despite the differences between Paris and Bonn in their approach to the dilemma over inflation and unemployment, they are both in the fortunate position compared with Britain of having taken deflationary measures in the early months of the oil crisis which now give them a choice. The U.K. can be only too thankful that both of the scale of the government programme may therefore be that measure, decided to reflate

## Sandilands and the real industrial crisis

BY A. J. MERRETT AND ALLEN SYKES

THOSE of us who have repeatedly drawn attention to the seriously depressed level of profits in British industry (when measured correctly) over the last two years of high inflation have received powerful support from the Sandilands Committee's report on Inflation Accounting. The report comes out unequivocally in favour of realistic profit measurement (essentially replacement cost as used in our own diagnosis) implying profound changes in public policy as regards price control and profit levels in Government contracts, and also confirming the magnitude of the permanent changes required in corporate taxation policy along the lines temporarily introduced in the November, 1974, Budget (essentially, a rough and ready relief for stock appreciation).

## Complex subject

Accurate and acceptable definitions of corporate income are obviously critical to the financial viability of the corporate sector and to rational fiscal and economic policies. This is a complex subject even under stable economic conditions: under inflation it presents problems of immense complexity—problems that have been analysed and debated by specialists for over half a century. The reaction of informed opinion to the setting up of the Sandilands Committee, with a substantial proportion of its 12 members having no expert knowledge of accounting and none of them being specialists in the specific subject of inflation accounting and with no expert staff, might very naturally have been despair—despair at the notions of professional competence held by a Government which imagined that this was the way in which highly complex technical issues could be resolved, and despair over the chances of the Committee's ever arriving at worthwhile conclusions.

It is a tribute to the Committee, through patient and exhaustive examination of the issues and witnesses, it has overcome the handicaps of its constitution and produced a document of considerable importance to economic policy which can and will be studied to advantage for many years hence.

Perhaps the most significant point to make is that the Committee, despite considering a mass of evidence, much of it contradictory, is unanimous in its recommendations. Its members made every effort to be unanimous to avoid prolonging the divisions of opinion over inflation accounting. After so thorough an investigation, that encompassed all views and the experiences of many countries (notably Holland, Brazil and

the U.S.) the time has surely come to accept the findings and implement the main recommendations with minimum delay.

But to deal first with the report's few shortcomings, the principal one is its lack of sufficiently firm theoretical foundation for its proposals and its unnecessary recourse to assertion rather than empirical demonstration. Second, there is no calculation of what the profitability of U.K. companies actually is under this definition, although some indication for 1972 and 1973 was given in these columns on September 1. The heart of the Committee's report is the concept which it designates "current cost profit". This is the profit for the year "regarded as any gains arising during the year which may be distributed after charging for the 'value' of the company's assets consumed during the year." Since the "value" of assets to the company is "given by their current purchase price," this definition of profit is nearly always the same as current replacement cost for which we have consistently argued.

The conceptual grounds on which the committee arrived at this conclusion (after examining four other profit concepts) are stated somewhat obliquely but appear to be primarily pragmatic and relate to the issue of "holding" gains. The latter are "the difference between the value to a company of an asset at any point of time and its original cost." The argument which we would put forward is that, under inflation, companies, unless they are prepared to wind themselves down into dissolution, are obliged each year to pay out monies simply to increase the value of an unchanged volume of their stock and fixed assets, and often see increases in the "value" of their other assets such as land, offices and factories. In the simplest case, the smallest garage owner under rising petrol prices has to invest more money to replenish his tanks with the same volume of petrol.

## Critical issue

The critical issue of inflation accounting is simply whether or not money paid out to finance an unchanged volume of petrol should be deducted from revenue as a current cost when arriving at profits, or looked upon as an investment no more to be deducted from profits than expenditure to extend the forecourt. The answer to this turns upon whether there are general grounds for supposing that the proprietor will enjoy increased benefits (compared with those obtained hitherto) from this additional expenditure increasing the value of his assets. Under stable petrol prices, the fact that investment in a larger volume of petrol would have been purely optional would have

been evidence that the expenditure was regarded as likely to produce such a benefit. This obviously does not hold when the expenditure is necessitated by increased petrol prices and where the only practicable alternative would be to reduce the size of the business, perhaps to an uneconomic level. (This, or the breaking up the business to realise its full supposed asset value, can generally be ruled out altogether.)

If, in the very unlikely situation, the garage proprietor had a permanent cost-plus return on tax, price controls, wage and salary negotiations, etc., it is to be regretted that while the report clearly recommends that no account should be taken of holding "gains" for the purposes of taxation, it does not altogether successfully dispense with the inflationary concept of "gain" by finding some more neutral term. The designation "gain" already presupposes facts not in evidence—namely that, contrary to all common experience, industrial companies, in some unspecified way at some unspecified time, gain from an increase in the cost of their raw materials and assets.

With considerable delicacy, the report rejects the Current Purchasing Power method recommended by the Accounting Standards Steering Committee of the combined Accounting Institutes. The three arguments against CPP are:

(i) It does not give rise to "current cost" profit.  
(ii) It involves monetary gains which are illusory in terms of cash benefits; and  
(iii) It is of no practical usefulness to shareholders.

The report, however, properly commends the accounting profession in its exploration of the important issues of inflation accounting. In its call for a steering group to implement its proposals by June 30, 1977, the Committee relies heavily on the support and co-operation of the accounting profession to resolve the many points of detail.

The CPP method takes his- tory cost accounting as appro- priately meaningful under in- flation save for the single, fact that the purchasing power of money, as measured by the Re- tail Price Index, is changing. Hence, if the RPI were constant,

but a particular industry was being ravaged by particular inflation the replacement of its raw materials or capital equipment, no adjustment would take place to its accounts. The Sandilands report argues (as we have done consistently) that adjustment for inflation must allow for the particular rates of inflation of particular industries.

The report, like the majority of the business community re- jects the CPP method in its en- tirety. The major difficulty for accountants in this matter has been that it would involve their abandoning historic cost ac- counting since profits would need to be adjusted for the particular rates of inflation of the company even where no general inflation was present.

which could readily state their profits might be on Sandilands basis. If the findings of the mittee are accepted by the investment community, would have some signifi- cant implications. The first simplest would be that, continuation of recent trends (on the Sand basis), and at anything the levels of inflation e- nced in recent years, the of the Stock Market and, the level of investment in companies has largely been unjustified.

Second, there would clear case for U.K. com- giving every priority to e- ing abroad, where real- ability was high, rather expanding in the U.K. on the Sandilands basis, been largely illusory, substantial amelioration recent trends in cor- profitability is, accord- necessary condition for "regeneration" of the industry.

## Taxation and price control

The report recommends that its definition of profitability should become the underlying basis for taxation and price control. As regards taxation, the recommendations would probably make little difference in orders of magnitude to the continuation of free depreciation for fixed assets and the November, 1974, stop-gap measures for stock relief.

As regards price control, the effect would again probably not be dramatic at present, when most companies are constrained by market forces. It would, however, be of great long term importance if companies could either be relieved from such control or have it modified to the Sandilands basis, and thus see the prospect of greater real profit when expansionary conditions return. This may well be an essential prerequisite to greater industrial confidence and investment.

One question raised by the publication of the report is what the financial community—and in particular accountants and shareholders—will conclude from it. The Society of Investment Analysts (a not wholly unanimous body) told the Committee that it would be broadly as the Committee has now de- fined them which were most relevant to the interests of shareholders. There is some ambiguity in the Society's evi- dence, but it may well be that it intended that shares should be represented in terms of price/earnings ratios, using the profits as redefined by the Com- mittee. As was outlined in Monday's article, the profit- ability of British industry is so appallingly low on this basis that it would present investment in U.K. companies in a most depressing light.

It may be argued that the Stock Market has already fore- seen and discounted the illusory effects of inflation on reported profits. Such a conclusion, how- ever, would require belief in second sight since there are few companies, even with their total access to the information, P. and O. Energy Ltd.

which could readily state their profits might be on Sandilands basis.

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Third, there is a cer- scrapping price control, since the re- point on which it op- (namely, historical cost with five years to 1977 norm) was wholly mis- and indeed, very da- damaging in its earlier and in its impact on the term future outlook for p

## Convention wisdom

All the above conclusions prove repugnant to a So Government, some of members would like to? that industry is an inde- ble golden goose. The therefore, a danger the Government will do nothing simply hope that the C2 tee's recommendations prove to be such a "silly technical disputation" or- capable of influencing the rational wisdom of the Market as to have no effect.

Such an attitude was most regrettable. For its ability, adequately de- the motivating power, private enterprise system an obligation of re- sponse government to "bank- motivating power to op- erate alternatively, to prop- replacement of the system matter for grave app- if there was now a fall- build upon its findings, I accepted (as with some reservations, it should urgent priority should- fore be given to incor- its findings into price o- Government contracts economic policy.

A. J. Merrett is Profes- in Corporate Finance at London Graduate School. Allen Sykes is a total access to the information, P. and O. Energy Ltd.

## MEN AND MATTERS

## Bamberg files on

He's had his adventures—but he knows his business," declares Philip Dunkley, managing director of the Mitchell Cotts trading and manufacturing group. The adventurer in question is Harold Bamberg, once head of the British Eagle airline which folded seven years ago; these days he concentrates much of his time on an air freight operation for Mitchell Cotts.

It is an activity, relatively new in the group, about which Dunkley is enthusiastic. A start was made only five years ago with the acquisition of the flamboyantly-named Corrigan Express company, Australia, which has grown into the country's biggest freight forwarder. Eighteen months ago, Miller Weeden Air Freight in South Africa was added, and finally, at a price of £444,000, Wisk Air Cargo. The three are producing, Dunkley reckons, annual profits of over £600,000.

Wisk is part of Bamberg's present interests, the rest being represented by Eagle Air Services, the U.K. distributor for the American-built Beechcraft aircraft, and most part of Mitchell. Now, Bamberg is going on the Board of the Mitchell Cotts International Airfreight subsidiary, which will extend his influence to the Australian and South African companies.

Bamberg's civil aviation career began in Berlin airlift days with a somewhat decrepit Halifax bomber, bought for £150. His Eagle Airways was sold to Cunard Steam-Ship in 1980; three years later, Bamberg, something of a Freddie Laker figure with his campaigns for low fares, bought back a 60 per cent stake.

By 1968, total profits were over half a million, but financial difficulties (apart from de-

valuation and the £50 travel allowance the airline lost the Government (trouping and Australian migrant contracts) led to an abrupt shut-down in November 1968. That left 25 aircraft and 2,500 staff redundant, and debts of £8.5m.

As with Wisk and Eagle Air Services today, Bamberg was fond of running businesses in tandem: apart from the original British Eagle, he had the Travel Trust group, sold in its turn to S. G. Warburg, the City merchant bank. Unbeknown by the British Eagle failure, Bamberg was keen to get back into air service operations, preferably on a domestic scale.

Dunkley is pleased to have the benefits of Bamberg's "terrific lot of contacts," but says he has been adamant on one point. Though Bamberg has succeeded it should consider buying planes. Mitchell Cotts thinks freightage is more likely to grow profitably by relying on chartering.

## Fight politely

Shareholders can be exceedingly unsympathetic to campaigners who choose the forum of a company's annual meeting to further arguments on social policy. Michael Daube, executive director of Action on Smoking and Health (ASH), yesterday defined a sensible way to get a polite hearing: "Part of the intention is not to be desperately aggressive. A few significant questions... in this way one is taken more seriously than by waving banners."

Following the latest officially-encouraged moves against smoking (more restricted advertising and then, within a week, tobacco makers agreeing that packs should carry the tar yield) the first of the big three British cigarette companies to hold an AGM was Rothmans International.

Daube and the company's retiring chairman, Lord Pritchard, fenced decorously through a list of questions, though the 27-year-old ASH man (formerly with Shelter) was less restrained afterwards. He had asked whether Rothmans would be using the requested Government warning "Danger: cigarettes cause lung cancer; heart disease, bronchitis."

"I think it's deplorable," said Daube, "that Lord Pritchard simply said the tobacco industry was in discussion about this, without giving a specific reply." He saw some light, though, in what he detected as a stronger interest in diversification.

## From driving to drink

It seems to be an even chance that top management changes in industry at the moment will owe something to Ryder-disturbed British Leyland. Not that Allen Sheppard, who is shifting out of BL to become chief executive of Watney Mann and Truman Breweries, is in any sense a casualty: as a result of Ryder, his managing directorship of the parts and knock-down division was expanded to cover after-sales service and component manufacturing.

However, at 42, an approach from Grand Metropolitan's Watney-Truman side made him think about the next ten years. As he says politely, the next decade in the motor industry is likely to be a "bit static."

Simon Threadgill retiring early through ill-health, Grand Met should have gone outside for what is primarily a brewing job. The best clue to the decision is probably Sheppard's observation that "I can't be accused of being either a Watney or a Truman man."

There is no doubt that following the Titanic takeover battle for Watney, morale in Grand Met's drink subsidiaries sagged. Recovery has been evident this year, and brewing and distribution was the group's star turn with a 64 per cent increase in first-half profits. Watney has been a particular target of the Real Ale campaigners, and as I noted on Wednesday, the company has gone as far in its right-back as introducing real beer in six of its London pubs.

Sheppard has done the rounds of the car-makers, starting in 1958 with Ford of Britain, eventually rising to be marketing and products manager based in Cologne. He was with Chrysler's U.K. group between 1968 and 1971, joining BL as marketing director in the international division.

Sheppard does not share any prevailing anti-Ryder feelings. The plan is working, he says, and he went through an "agonising appraisal" whether to go. Since the new job came up, he is now paying to pubs the sort of attention he used to reserve for motor dealers.

I am not sure, however, the brewers will approve when they learn he is a "wine drinker rather than a beer drinker."

## Fated

An American company which makes a range of rainwear called London Fog sponsored a baseball team in Baltimore. The first six games were rained out.

Observer

## SUCCESS STORY

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# COMPANY NEWS + COMMENT

## BET in line with forecast at £37.7m.

**PROFIT.** Before tax and extraordinary items, of the British Electric Traction group, fell to £37.7m. for the year to March 31, 1975, from £45.92m. in the previous year, in line with the January forecast.

The directors said then that, due mainly to an expected profit reduction at Boulton and Paul, and losses suffered by Murphy Bros., results were not expected to be materially different from those for 1974-75 when profits (adjusted on the basis that Thames TV was a subsidiary throughout that year) were £37.7m.

Stated earnings per 35p Deferred Ordinary share, before the extraordinary items, were 8.3p against 12.2p. The net dividend total is again 4.51p, the final being 2.84p.

In accordance with a standard accounting requirement, extraordinary items have this year been dealt with in the P. and L. account and not, as previously, through reserves. The items—debts of £482,101, against credits of £2,010m.—comprise loss on sale and repurchase of shares of an associate £8.02m. (nil), credit on revaluation of associate investment to share of net asset value £6.01m. (nil), exchange adjustment debit £683,654 (credit £209,143), losses on asset sales £271,651 (profits £282,751), net surplus on property disposals £404,977 (£23,15m.), deferred tax nil (£4.11m.), and sundry credits £67,441 (£313,396). They are net of tax and minority interests where applicable.

Results are compared in the table—investment income and turnover of associated are not included in the group turnover figures.

**comment**  
BET's annual figures are exactly as forecast at the interim stage. The final count shows turnover up 22 per cent. on the twelve months but pre-tax profits lower by some 18 per cent.—the decline accelerated from 7 per cent. in the first half to 27 per cent. in the second—following an upsurge in interest charges of 86 per cent. The two chief troublemakers in the first half, Boulton and Paul and Murphy Bros., continued as thorns in BET's side, the former's profit contribution dropping

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ing by £3m. and Murphy making an increased loss. These two were joined by Humphries Holdings which made a larger loss than anticipated. Many of the questions surrounding BET—for example current trading climate, level of borrowing, recovery prospects, etc.—will not be answered until the full accounts are published and the market remains suitably indifferent with the shares at 77p yielding 8.8 per cent., covered almost twice.

## Reardon Smith setback

**PRE-TAX PROFIT** for the half year to September 30, 1975, of Reardon Smith Line fell sharply from £23.2m. to £18.1m., and assuming there is no improvement in trading conditions, it is anticipated that profits "which will be no more than satisfactory" will be obtained, the directors state.

Profit for the year to March 31, 1975, was £2,850p.

The fleet remained fully employed during the depressed period and the directors remain optimistic in the long term.

# ROP'EM

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The profit for the half year was struck after increased depreciation and interest charges, but includes a surplus on the sale of a vessel of £1.53m. (£0.69m.).

**comment**  
The market had been expecting fairly poor results from Reardon Smith in the current year but the pre-tax fall of almost 90 per cent. (excluding profit on sale of vessel) at the halfway stage is still a disappointment and the "A" shares slipped 7p yesterday to 149p. The group's policy of maintaining limited forward cover on its vessels has made it particularly vulnerable to depressed freight rates and the effects of this could worsen later in the year when more ships will be forced to trade in the spot market. The group does specialise in small bulk carriers which are normally the first to benefit during any improvement in world wide shipping activity and it should soon start to see the first profits from its investments in oil rigs, but a yield of 3 per cent. (covered 13.7 times in 1974-75) probably offers more to bid possibilities than to the trading prospects.

Stated earnings per 20p share advanced from 1.68p to 2.5p, the dividend is stepped up from 1.68p to 1.88p with a final of 1.1188p, and a one-for-ten scrip issue in "A" shares is proposed for holders registered on September 25.

**comment**  
No provision has been made for anticipated liability to corporation tax from the gains on sale of properties, as the proceeds are being re-invested in similar assets, it is stated.

**comment**  
Although Cantor's pre-tax performance is obscured by several exceptional items, the £500,000 jump in operating profits is still impressive and the shares gained 7p in 32p on the result. The growth came almost entirely in the second six months when sales rose by 43 per cent. (after an increase in demand as well as some benefits from the group's relocation programme. Following the sale of the fashion business and the Chester store, the group has started the current year with no short term borrowings, against £575,000 in the 1973-74 balance sheet, and sales so far are well above those of the corresponding period. This puts a yield of 9.3 per cent. on very firm ground.

## Mixconcrete hit by £0.2m. provision

Partly reflecting a provision of £200,000 for exceptional bad debts, Amstar's profit of Mixconcrete (Holdings) decreased from £404,000 to £118,000, on sales of £10.1m., against £10.8m.

The directors report that the second half started well and the outcome for the full year is viewed with "cautious optimism."

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The fleet





## New chief for Watney Mann & Truman Brewers



# CHASE SIMPLIFIES TRADE FINANCING

European import/export trade can be radically simplified  
by exploiting Chase's global network.

Chase is uniquely equipped to help you assess the risks involved in today's trade financing. With branches, affiliates and subsidiaries in almost every part of the world, Chase has the international strength and spread of expertise only a major world bank can offer.

Chase's depth of local knowledge in remote markets will help you identify and isolate potential trade opportunities. What's more, Chase backs up those opportunities with first hand knowledge of the local regulations and restrictions to guide you through the complexities of developing new business.

And Chase's European Trade Finance Team, headquartered in

London, with its trained specialists throughout Europe, can orchestrate the most complex international strategies to meet your needs.

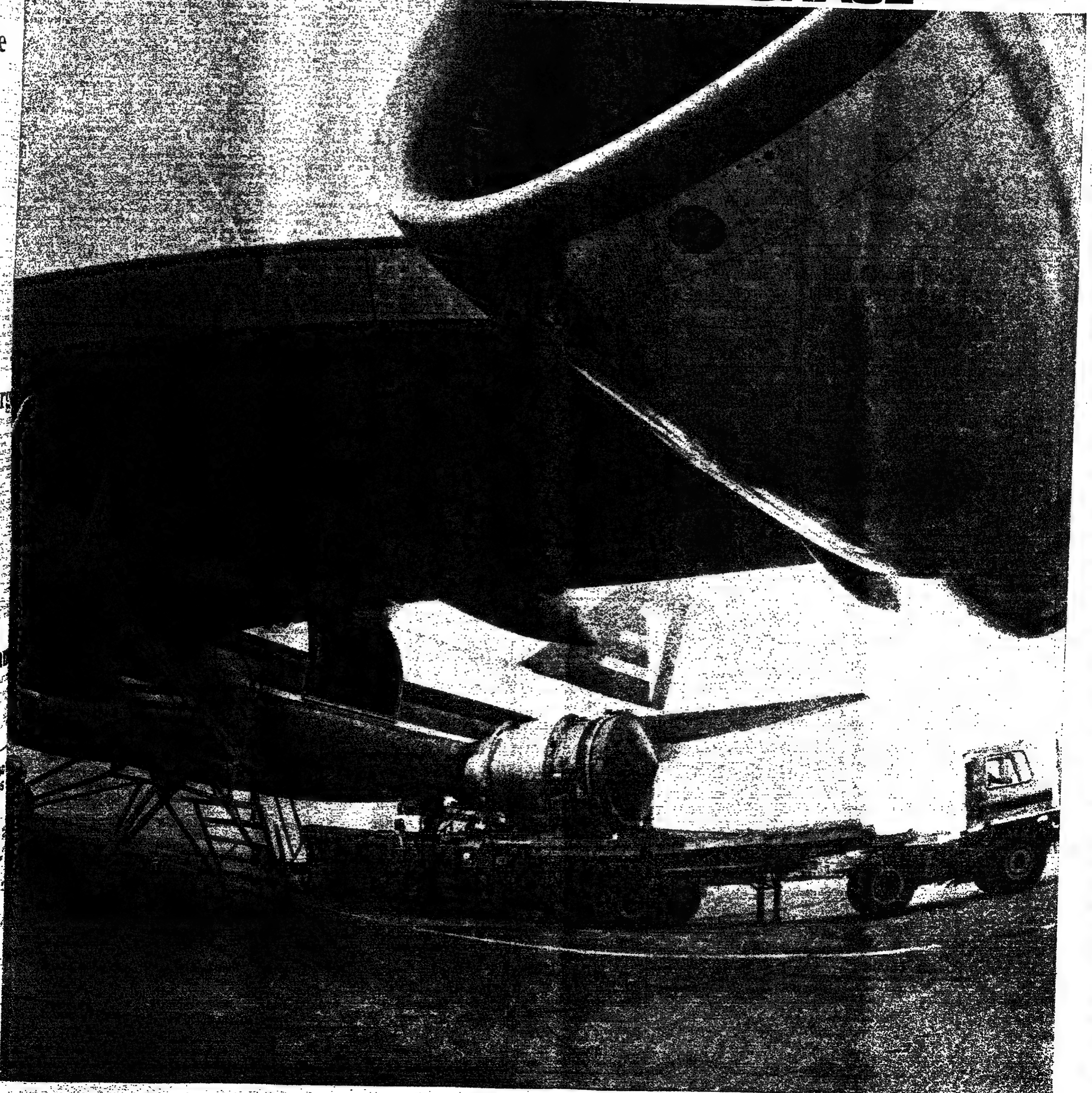
This kind of innovative approach to trade financing only comes about through a real understanding of a client's business. Chase believes that the better we know a client, the better for both of us. Only in that way can our relationship be efficient, economic and specifically tailored to his needs. And for our client, it means that his bank can save him money as well as lend it.

**Chase: The relationship bank.**



**CHASE**

CHASE EUROPE: AUSTRIA · BELGIUM · CHANNEL ISLES · DENMARK · FRANCE · GERMANY · GREECE · ITALY · IRELAND · LUXEMBOURG · NETHERLANDS · SPAIN · SWITZERLAND · UK · USSR





# MINERALS AND RESOURCES CORPORATION LIMITED

(Incorporated in Bermuda)

## RESULTS FOR THE YEAR ENDED 30th JUNE 1975 AND DECLARATION OF FINAL DIVIDEND NO. 78 ON THE ORDINARY SHARES

The following are the unaudited results of the corporation and its subsidiaries for the year ended 30th June 1975 together with comparative figures for the year ended 30th June 1974. These should be read in conjunction with the adjoining notes.

### CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 30th June 1975 (expressed in U.S. dollars)

	1975	1974
<b>INVESTMENT INCOME</b>		
Dividends from investments	10,431	26,104
Interest and net fund income	6,781	8,451
	<b>17,212</b>	<b>34,555</b>
<b>Administration and other expenses</b>		
Interest on six per cent registered loan	1,431	1,067
Stock	296	302
Other interest	67	214
	<b>1,794</b>	<b>1,583</b>
<b>Costs of prospecting</b>		
Less: Charges against prospecting Reserve (Note 3)	3,223	3,203
	<b>1,267</b>	<b>1,380</b>
	<b>12,216</b>	<b>21,592</b>
<b>PROFIT BEFORE TAXATION</b>		
Foreign taxation	476	118
	<b>11,740</b>	<b>21,474</b>
<b>PROFIT FOR YEAR</b>		
(Note 4(a))		
Net (loss) gain arising from currency fluctuations	(1,181)	27
Less: Transfer from (to) currency reserve	1,161	(27)
	<b>11,740</b>	<b>21,474</b>
<b>UNAPPORTIONED PROFIT</b>		
30th June 1975	12,541	12,058
Adjustment arising from changes in currency exchange rates	252	—
	<b>12,793</b>	<b>12,058</b>
<b>APPROPRIATIONS</b>		
Transfer to general reserve	—	7,000
Dividends		
Ordinary shares		
No. 77 of 6 cents (U.S.) declared 13th February 1975, paid 27th March 1975	3,934	7,917
No. 76 of 6 cents (U.S.) declared 4th September 1974, payable 23rd October 1974	3,934	14,281
"A" ordinary shares (note 4(b))	4,234	22,168
	<b>10,336</b>	<b>22,168</b>
<b>UNAPPORTIONED PROFIT</b>		
30th June 1975	14,307	12,841
	<b>24,533</b>	<b>41,709</b>

### CONSOLIDATED BALANCE SHEET

AS AT 30th JUNE 1975 (expressed in United States dollars)

	1975	1974
<b>CAPITAL</b>		
SHARE PREMIUM	103,023	41,328
CAPITAL RESERVE	72,610	78,814
PROSPECTING RESERVE	4,677	—
<b>REVENUE RESERVES</b>		
General reserve	30,302	30,348
Currency reserve	1,375	3,979
Unappropriated profit	14,307	12,841
	<b>47,437</b>	<b>46,868</b>
<b>SIX PER CENT REGISTERED LOAN STOCK</b>		
Repayable at par on 30th June 1982 unless previously purchased by the corporation	5,017	5,035
	<b>5,017</b>	<b>5,035</b>
<b>LONG TERM LIABILITIES</b>		
LOANS FROM ASSOCIATED COMPANIES	2,112	2,700
	<b>2,112</b>	<b>2,700</b>
<b>Represented by:</b>		
<b>INVESTMENTS</b>		
Quoted, at cost (market value \$279,638,000 1974: \$62,907,000)	255,686	49,897
Unquoted, less amounts written off	18,511	83,166
	<b>274,197</b>	<b>133,063</b>
<b>INVESTMENT IN SUBSIDIARY COMPANIES NOT CONSOLIDATED, at cost</b>		
Shares	202	202
Loans	979	668
	<b>1,181</b>	<b>870</b>
	<b>274,197</b>	<b>133,063</b>
<b>FIXED ASSETS</b>		
Dividend receivable	839	13,648
Debtors and accrued interest	2,740	2,416
Amounts at call and short notice	36,052	58,437
Balances with banks	87	51
Stores	2,484	3,645
	<b>42,202</b>	<b>77,197</b>
<b>CURRENT LIABILITIES</b>		
Overseas taxation	562	189
Creditors and provisions	3,061	3,671
Bank overdraft	4	122
Shareholders for ordinary dividend No. 78	1,900	14,251
	<b>5,527</b>	<b>18,233</b>
<b>NET CURRENT ASSETS</b>		
	<b>27,670</b>	<b>53,864</b>
	<b>274,197</b>	<b>133,063</b>

### NOTES

#### 1. FINAL DIVIDEND

The directors have today declared a final dividend (No. 78) of 6 cents (United States currency) a share in respect of the year ended 30th June 1975 payable to members registered in the books of the corporation at the close of business on 19th September 1975 and to persons presenting coupon No. 81 detached from share warrants to bearer. Dividend warrants will be posted from the registered office of the corporation in Bermuda and from the Johannesburg and United Kingdom offices of the local registrars on or about 23rd October 1975. Currency and other details relating to the payment of this dividend will be published in the press on 5th September 1975.

2. The Corporation holds a 49.98 per cent interest in Zambia Copper Investments Limited (ZCI). ZCI in turn has as its principal investments a 49 per cent interest in Nchanga Consolidated Copper Mines Limited and a 12.25 per cent interest in Roan Consolidated Mines Limited.

Zambian Exchange Control Regulations provide, inter alia, that the net dividends received by ZCI from these two investments must be held for the company's account in Kwacha in Zambia and externalised only after the end of the respective financial years of the copper producing companies. ZCI announced on 18th August 1975 that approval for the externalisation of U.S. dollars 10,832,000 relating to dividends paid by NCCM on the "B" shares during NCCM's financial year ended 31st March 1975 had been requested from the Zambian Exchange Control Authorities in terms of the current regulations. However, the authorities were neither able to grant approval nor to indicate when it might be forthcoming.

Consequently it was necessary for the final dividend for ZCI's year to 30th June 1975 to be passed. ZCI has indicated that as and when these funds are externalised it will give immediate consideration to the declaration of an interim dividend, out of retained profits carried forward, for the ZCI year to 30th June 1976. Any such distribution by ZCI would form part of Minorco's earnings in its year to 30th June 1976.

#### 2. PROSPECTING

Total prospecting expenditure for the year to 30th June 1975 amounted to Dhs. 3.2 million. Shareholders will note that of this sum, Dhs. 3.2 million has been charged against the profits attributable to the ordinary shareholders, while the balance of Dhs. 0.3 million has been written off against a prospecting reserve created this year out of capital reserves. It is the intention to make appropriations to this reserve out of profits in years of high earnings, while in years when profits are less substantial transfers will be made from the reserve to fund prospecting expenditure. In this way the corporation will be able to maintain its substantial prospecting programme without causing undue fluctuations in profits from year to year.

Continued in next column

### GOLF

BY BEN WRIGHT

## Only two Ryder men left

ONE OF the most extraordinary finishes that match play so often throws up occurred here this evening when, in the third round of the Sun Alliance Match Play Championship, Tommy Horton, who had been beaten at the last hole by one of the departed members of the 1973 British and Irish team, Uistman Eddie Pollard.

With the demise in the match immediately behind this of Neil Coles, beaten by 38-year-old club professional Bill Hector (Seaton Carew), it means that the last remaining seeds, Horton and Coles, were removed from the top half of the draw, since Horton in 1970, had already accounted for his seeded Scottish compatriot, Brian Barnes, and 22-year-old Leatherhead professional Bob Wynn had accounted for the Argentinian Vicente Fernandez by four and three.

But back to the astonishing Pollard victory. Horton was out in 32 shots and two up. He then started for home, 3, 3, against par of 4, 3, 4, to go four up and five under par. Pollard looked a beaten man, but he was far from it. As Horton crumbled, he took five of the last six holes. Pollard won the 13th, 14th, 15th, 17th, and then played a superb long-iron shot that never left the flagstick at the last and pulled up four feet from the hole.

Horton bunkered to the right, could not get up and down in two shots, and so instead of a month-watering prospect of a clash between three-champion Coles and Horton, Pollard will meet Hector to-morrow morning in the last of four matches in the top half of the draw.

Among the Ryder Cup team through at this stage is Scotsman Norman Wood at the top of the bottom half of the draw who will meet Dale Haynes, and in the last of four matches in the top half of the draw, Peter Butler, the veteran Ryder Cup campaigner who was passed over for selection this time. In the next match Graham Barrington of Boyce Hill will meet the talented South African seed Dale Haynes, and in the last of four matches in the top half of the draw, Peter Butler, the veteran Ryder Cup campaigner who was passed over for selection this time.

Malcolm Gregson, who missed selection for the Ryder Cup team by the narrowest margin of all—he was 5th in the table when eight men automatically qualified—will meet another up-and-coming youngster who was also passed over for selection, Carl Mason.

Martin Foster, the notable amateur who has made such an impact on the professional game in his second full season, being

in 14th place in the table when the Ryder Cup team was selected—will meet Ronnie Shade.

In an outstanding display in early afternoon, Haynes gave a glimpse of his world class against the promising left-hander Peter Dawson, who he eventually beat by two holes. Haynes was one down coming to the 12th hole, a 444-yards par four. He hit a glorious second here that almost went into the hole, and rammed in the putt from six feet to square the match.

At the 458-yards 13th hole Haynes hit a similarly magnificent iron shot to the green and holed out from eight feet for a second successive birdie to take the lead for the first time.

The burly South African went through the green with a long iron shot at the 14th, and chipped a little strongly down the hill. But then he holed his third birdie putt in succession from ten feet this time, and had taken command. He prodigiously lashed a second shot into the wind at the long 16th into the bushes to lose this hole, and after a half in four at the 17th took the 18th when Dawson tried to hold a 2-iron shot up into the wind and did so too efficiently, catching a green side bunker at this 206-yards par three.

Townsend had a capital battle with Welshman Craig Dwyer before winning at the final hole.



Report of  
The Wellman Engineering  
Corporation Limited for the  
year ended 31st March 1975

Salient points from the  
circulated Statement of the Chairman,  
Mr. Alan C. N. Hopkins, M.A., LL.B.

- Turnover up by 36% to £13,500,000
- Dividend covered 2.2 times
- Exports 45% of Group Sales
- High Order Book at Year End

Facts & Figures	1975	1974
Profit before taxation	£906,251	£734,511
Assets Employed	5,034,121	4,804,600
Asset Value	per 44.7p	42.7p
Earnings after tax	25p	4.00p
Dividend	1.799p	1.692p

## WELLMAN

## Fairview Estates Limited

### INTERIM REPORT

### SIX MONTHS ENDED 30th JUNE, 1975

	Six months to 30th June, 1975	Six months to 30th June, 1974
<b>UNAUDITED RESULTS</b>	£'000	£'000
<b>1. TURNOVER</b>	9,981	7,402
<b>2. RESULTS</b>		
Group Profit	1,986	1,915
Less: amount provided against any written off book value of developments	801	690
Taxation	1,036	1,225
Group Profit after all charges	549	861
Minority interests	7	5
Profit attributable to the Shareholders of Fairview Estates Limited	491	559
<b>3. EARNINGS PER SHARE</b>	4.7p	5.3p
<b>4. DIVIDEND</b>		
Interim	2.00p	2.00p
Amount absorbed	£211,000	£211,000

The dividend will be paid on 18th October, 1975 to shareholders on the register at the close of business on 18th September, 1975.

50 Lancaster Road,  
Enfield, Middlesex.

4th September, 1975.

### MINERALS AND RESOURCES—CONTINUED

(A) Net Profit attributable to the "A" ordinary shareholders is as follows:	Dhs. 000's
Dividends from Engelhard Minerals and Chemicals Corporation (EMC)	6,100
Less: expenses directly attributable to the "A" shareholders	208
Net Profit—distributed as in (B), below	5,892
(B) Dividends on "A" ordinary shares:	
No. 1 of 2.73 cents (U.S.) declared 27th September, 1974, paid 30th September, 1974	1,144
No. 2 of 5.4 cents (U.S.) declared 23rd December, 1974, paid 31st December, 1974	2,263
No. 3 of 2.25 cents (U.S.) declared 17th March, 1975, paid 31st March, 1975	943
No. 4 of 3.68 cents (U.S.) declared 28th June 1975, paid 30th June, 1975	1,542
	5,892

5. During the year, the corporation's holding of preferred stock of EMC was converted into common stock with the result that the corporation now has an interest of 30 per cent in EMC. In March of this year the Anglo American Corporation do Brasil ("Ambras") in which Minorco has a substantial interest, acquired a 49 per cent equity holding in Mineracao Morro Velho S.A., which operates a group of small gold mines in the state of Minas Gerais in Brazil. Output is currently at the rate of 40,000 tons of ore per month, and it is anticipated that the introduction of certain technical improvements will in due course increase output by up to 50 per cent. The corporation has also acquired a 12 per cent interest in Inspiration Consolidated Copper Company (ICC) of the United States. The principal activities of ICC consist of the open pit mining and smelting of both oxide and sulphide copper ores in Arizona.

By Order of the Board  
J. Ogilvie Thompson  
W. D. Wilson

U.K. Registrars:  
Charter Consolidated Limited,  
P.O. Box No. 102,  
Charter House,  
Park Street,  
Ashford, Kent  
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Bermuda

4th September, 1975.

### FT CLIPPER RACE

## French skipper's wily manoeuvre

BY ALEC BERRY



IT APPEARS almost certain that the wily Breton Olivier de Kersauson, who is skippering the French yacht Krier II in the Financial Times Clipper Race, slipped through the treacherous Channel du Four, inside the Isle of Ushant, sometime during Tuesday night.

Certainly he clipped the French coast very close and played the rides while the crew of Great Britain II stayed clear of the shore.

Both yachts sighted one another as they crossed the Continental shelf and entered the Bay of Biscay and the French have closed the earlier gap of 30 miles to about 15, though the British yacht still leads.

They have now both escaped the calms of the Channel and are thundering under spin-

makers and running sails across the Bay at more than ten knots towards the Azores, probably passing 150 miles to the West of Cape Finisterre, northern

POSITIONS, SEPT. 4	46° 25'N	08° 10'W
G.B. II (0900 GMT)	47° 0'N	08° 10'W
Krier (0800 GMT)	47° 40'N	06° 30'W
CS RB II (0900 GMT)	49° 38'N	04° 52'W
Great Escape		

Spain, to-day picking up the first of the following Portuguese trade winds.

The Italians aboard the smaller CS e RB II are about 100 miles behind, while the Dutch crew of Great Escape had to put into Plymouth on Wednesday to repair broken radio equipment, but sailed later in the day.

### TENNIS

BY JOHN BARRETT

## Miss Court loses

NEW YORK, Sept. 4.

A PAGE of history was turned on Wednesday night at the end of the eighth day of the U.S. Open Championships when the legendary Australian Margaret Court, who is now 33 and in the past 12 years has won 24 of the World's four major single championships, gave way to the thrusting challenge of youth.

She was beaten 6-2, 6-4 by the 15-year-old Czech girl Martina Navratilova in a quarter final that took 66 minutes and put the younger player ahead by three matches to two in their meetings this year.

Back in January, Miss Navratilova surprised perhaps of grass, won their quarter final meeting in the Australian Open; in February Mrs. Court was revengeful in winning the Virginia Slims tournament in Chicago; on the same tour, the Czech won again in Boston, and at Wimbledon, Mrs. Court drew with the level with a 6-3, 6-4 win on the fast grass in another quarter final.

Undoubtedly the change to a slower surface here was partly responsible for Mrs. Court's defeat. The second set started disastrously for her with two lost

services in the first and third games. Having faced a Navratilova lead of 40-15 that would have meant 4-0, she broke serve to stem the Czech advance but was immediately broken again herself, and 4-1 soon became 5-1. But a run of three games brought her back to 4-5 as Miss Navratilova appeared to relax. However, the third seed returned to full concentration in the tenth game to win her serve to 30 and advance to a semi-final against the favourite, Chris Evert.

The seeding has worked out perfectly in the women's singles where the top seed plays the third and the second, Virginia Wade, plays Mrs. Evonne Cawley, the fourth.

The same has not been true in the men's doubles. As at Wimbledon, where the seeds were all eliminated before the level with a 6-3, 6-4 win on the fast grass in another quarter final.

Connors and Ilie Nastase, the seventh rated pair, remain alive by virtue of a narrow 5-7, 6-4, 6-4 victory against the Chilean Davis Cup pair, Jaime Filliol and Pat Cornejo, that was always entertaining.

## MINERALS AND RESOURCES CORPORATION LIMITED

(Incorporated in Bermuda)

### DECLARATION OF DIVIDEND NO. 78 ON THE ORDINARY SHARES

Notice is hereby given that dividend No. 78 of 6 cents (United States currency) per ordinary share, being the final dividend for the year ended 30th June 1975, has been declared payable to ordinary shareholders registered in the books of the corporation at the close of business on 18th September, 1975, and to persons presenting coupon No. 81 detached from share warrants to bearer. This dividend, together with the interim dividend of 8 cents per share declared on 13th February, 1975, makes a total of 14 cents per share for the year. A notice regarding payment of dividends on coupon No. 81 detached from share warrants to bearer, will be published in the press by the London secretaries of the corporation on or about 13th September, 1975. The ordinary share register in Bermuda and the local ordinary share registers in the United Kingdom and the Republic of South Africa will be closed from 20th September to 3rd October, 1975, both days inclusive.

While members are entitled to receive payment of their dividend in Bermudian currency, existing Bermudian foreign exchange control regulations do not permit the corporation to hold in Bermudian currency cash funds arising from revenue sources. For this reason the board of directors has decided to pay this dividend in United States currency except that arrangements have been made for payments to be made in United Kingdom and South African currencies as follows:—

(a) Members with registered addresses in the United Kingdom or the Republic of Ireland, who have not mandated payment to addresses outside those countries, and members who have mandated payment to addresses in those countries will be paid in United Kingdom currency and will receive the equivalent of the United States currency value of their dividends converted at the rate of exchange ruling on 14th October 1975.

(b) Members with registered addresses in the Republic of South Africa, South West Africa, Botswana, Lesotho or Swaziland, who have not mandated payment to addresses outside those countries, and members who have mandated payment to addresses in those countries will be paid in South African currency and will receive the equivalent of the United States currency value of their dividends converted at the rate of exchange ruling on 14th October 1975.

Members with registered addresses in the United Kingdom, Republic of Ireland, Republic of South Africa, South West Africa, Botswana, Lesotho or Swaziland, may however elect to be paid in United States dollars. Any request for such payment must be received at the offices of the local registrars in the United Kingdom or Johannesburg, whichever is appropriate, by 18th September, 1975. Members who so elect must comply, as necessary, with the United Kingdom or South African Exchange Control regulations.

Dividend warrants will be posted from the registered office of the corporation in Bermuda and from the Johannesburg and United Kingdom offices of the local registrars on or about 23rd October, 1975.

Any change of address or dividend instruction involving a change in the office of payment to apply to this dividend must be received by the corporation in Bermuda or by the corporation's local registrars in Johannesburg or in the United Kingdom on or before 19th September, 1975 and members must also, where necessary, obtain the prior approval of the relevant exchange control authorities having jurisdiction in respect of such changes.

Payments due to shareholders resident in Rhodesia are governed by exchange control regulations in Rhodesia and in the United Kingdom and will be blocked. Members with registered addresses in Rhodesia may, however, mandate payment of this dividend to authorised banks in Bermuda or authorised depositaries in the United Kingdom, for credit to blocked accounts.

In respect of dividends payable in United Kingdom currency from the United Kingdom local registrars' office to or to the order of members whose registered addresses are in the United Kingdom or to other members who have mandated payment to addresses in the United Kingdom, there will be deducted United Kingdom income tax at the basic rate except where authority has been received from the Inspector of Foreign Dividends to pay without such deduction. In all other cases no United Kingdom income tax will be deducted.

By order of the Board  
F. M. F. Ellis  
Secretary

U.K. Registrars:  
Charter Consolidated Limited,  
P.O. Box 102,  
Charter House,  
Park Street,  
Ashford, Kent, TN24 8SQ, England.

Registered Office:  
Belvedere Building,  
Pitts Bay Road,  
Pembroke,  
(P.O. Box 650 Hamilton 5)  
Bermuda.

4th September, 1975.

# WALL STREET + OVERSEAS MARKETS

## Wall St. reacts in quiet trading

BY OUR WALL STREET CORRESPONDENT

AFTER A firm start prices went into a moderate retreat in trading on Wall Street today. Renewed talk of a possible default by New York City appeared to be the major factor in this reverse.

After beginning the day with a 1.96 rise, the Dow Jones Industrial Index was down 1.56 at 10.73 at noon, with the New York Stock Exchange Common Stock Index showing a loss of 0.15 at 10.77.

But an hour later the Dow Jones index had moved marginally into credit again.

Decisions led advances by about 75 issues at mid-day, with interest in about 60 shares in line with yesterday.

Copperweld Corp., among the volume leaders, fell \$1 1/4 to \$40 1/4.

Commodity was ahead \$2 1/4 at \$294 1/4.

PARIS—Firmly, with vigorous gains on the news of a 1 1/2 per cent drop in bank rate and hopes of other measures to ease credit in the Government's economic package.

Banks were very strong, particularly after rumours of substantial cuts in reserve requirements. Portfolios, Foods, Constructions, Engineering, Electricals (except CGE), and Metals (except PUK), moved ahead.

Gold moved ahead sharply.

BRUSSELS—Little change in quiet trading.

Trucking, Solway and Velleo-Magne moved up while Mosson, Fluoretre, and Asturienne led falls.

Foreigners closed generally higher, as did Gold, but Petrofina lost Fr.10 to Fr.5.010.

AMSTERDAM—Generally firmer, in continued quiet trading with Wednesday's Wall Street rise an important influence.

Internationals were slightly higher with Royal Dutch up Fr.0.8 at Fr.196.5.

Gains elsewhere were led by Bels, Amfay and FME. Losses were led by OGE, GAZ, CSM and others.

Abolish—the latter partly on profit-taking following yesterday's sharply higher first-half profit announcement.

GERMANY—Prices rose between three and five marks following Wall Street's overnight gain and less selling pressure on the bond market.

KHD and Kambuh led Machinery and Stores with rises of DM5 at DM190.5 and DM2.5 at DM20.5 respectively. The three main commercial banks each gained DM4.

Motors and leading Chemicals rose up to DM2.50, led by BASF and Bayer, while secondary

Chemicals posted larger rises. ABG's rights offer met selling on its first day of issue.

OSLO—Banks, Insurance, Shipbuilding and Industrials were quiet, with Norsk Hydro Kr.4.5 lower at Kr.285.

VIENNA—Little changed.

COPENHAGEN—Mixed to slightly lower, in fair dealings.

SWITZERLAND—Quiet with variations in all sectors generally very limited.

Among steady Financials, Interfood, B. and Motor Columbus met some buying interest.

In Foreigns, Dollar stocks firmed, led by Blue Chips. German equities posted minor gains in this trading and South African Financials continued to recover.

MILAN—Firmly as institutional buying prompted gains in Fiat, up 26.5 at 1,005.5 lire, Assicurazioni Generali, 70 higher at 14,700 lire, and Saba Vicenza, up 50 at 1,100 lire.

BONG KONG—Little changed, with business almost completely dominated by day-to-day fluctuations in the international gold market.

Stockholders closed 5 cents higher at HK\$1.74, while Jardine Matheson improved 30 cents to HK\$23.20 and Wheelock-Marten 5 cents to HK\$3.50.

TOKYO—Sharply lower as prices fell to a seven-year low on uncertainty over the economic outlook.

Selling increased of shares in companies thought likely to report poor results with dealers very cautious after the failure of Kohjin Company late last month. Volume totaled 160m. shares.

JOHANNESBURG—Golds hardened on fair volume. Financials were firmer following producers' Platinum were also up 2 cents to R2.45. Cattle improved 5 cents to R2.10.

De Beers rose 3 cents to R3.22.

AUSTRALIA—Mining leaders recovered in quiet trading. MIM, which fell sharply on Wednesday on its profit downturn, rallied 10 cents to \$2.10. Peko-Wallace rose 5 cents to \$2.45. Cattle were mainly steady. Sheep improved 5 cents to \$2.10.

BHP rose 2 cents to \$2.07.

Pancontinental dropped to its lowest level in nearly six weeks at \$4.53 for a 6 cents loss.

Sugars had good buying support, CSR rising 7 cents to \$4.15.

Coke reacted to its profit results with a 10 cent gain to \$4.15.

As the dollar began to improve against currencies in general the pound eased in this business. The lowest rate touched was \$2.105-2.107, but there was some improvement by the close to \$2.109-2.110, a fall of 36 points on the day.

Sterling's trade-weighted average depreciation against the major currencies since the Washington Currency Agreement of December 1971 (as calculated by the Bank of England) widened to 27.6 per cent after previous 27.5 per cent at noon and in early dealings. The dollar's trade-weighted average depreciation against 14 units since the Washington Agreement, as calculated by Morgan Guaranty, widened to 2.88 per cent, from 2.87 per cent at noon, and 2.87 per cent previously. Sterling's depreciation on a par value basis also widened to 33.7 per cent, from the previous 33.20 per cent.

Closing prices and market reports were not available for this edition.

after having jumped \$7 1/2 yesterday, Imetal SA of France said it has started a tender offer for Copperweld shares at \$42.50 a share.

Moore McCormick dropped \$1 1/2 to \$65 1/2 after rising more than eight points on an announcement of a two-for-one stock split and a boost in the quarterly dividend from 35 cents to 40 cents a share.

Bates Manufacturing, however, gained two points to \$27 after a dividend offering. The company says it has been advised that Great Western United Corp. plans to tender for Bates shares at \$26.25 a share. GWT's stock rose \$1 1/2 to \$30 1/2.

Prices on the American Stock Exchange were weak in light trading.

The Amex index was 0.01 lower at 85.90, while turnover was less than 1m. shares.

Diversy Corp. dipped \$1 1/2 to \$24 after a delayed report it declared a three-for-two stock split.

Sambo's Restaurants and Champion Home Builders also eased.

### INDICES

#### NEW YORK

##### DOW JONES AVERAGES

Stock	Home	Transp.	Indus.	Unl.	Trading
Sept. 4	107.30	107.30	107.30	107.30	107.30
Sept. 5	107.30	107.30	107.30	107.30	107.30

### STANDARD AND POORS

#### U.S. STOCK INDEXES

Stock	Home	Transp.	Indus.	Unl.	Trading
Sept. 4	107.30	107.30	107.30	107.30	107.30
Sept. 5	107.30	107.30	107.30	107.30	107.30

### MELBOURNE YIELDS

Stock	Home	Transp.	Indus.	Unl.	Trading
Sept. 4	107.30	107.30	107.30	107.30	107.30
Sept. 5	107.30	107.30	107.30	107.30	107.30

### STOCK AND BOND YIELDS

Stock	Home	Transp.	Indus.	Unl.	Trading
Sept. 4	107.30	107.30	107.30	107.30	107.30
Sept. 5	107.30	107.30	107.30	107.30	107.30

### WEDNESDAY'S ACTIVE STOCKS

Stock	Home	Transp.	Indus.	Unl.	Trading
Sept. 4	107.30	107.30	107.30	107.30	107.30
Sept. 5	107.30	107.30	107.30	107.30	107.30

### EURO CURRENCY INTEREST RATES

Stock	Home	Transp.	Indus.	Unl.	Trading
Sept. 4	107.30	107.30	107.30	107.30	107.30
Sept. 5	107.30	107.30	107.30	107.30	107.30

### OTHER MARKETS

Stock	Home	Transp.	Indus.	Unl.	Trading
Sept. 4	107.30	107.30	107.30	107.30	107.30
Sept. 5	107.30	107.30	107.30	107.30	107.30

### OTHER MARKETS

#### Canada mixed

Price movements on Canadian exchanges were mixed at mid-day yesterday.

In Toronto, Industrials were off fractionally as all other sectors posted gains in light mixed trading. Declines outnumbered advances 113 to 108.

Acklands was off \$2 at \$21.31 after a delayed report it proposed merger with Janco Corporation which was unchanged at \$25.

Western Oils were 0.27 higher at 18.44, although declines led advances 111 to 107.

In Montreal, Utilities fell 0.32 to 128.66 while Banks posted a 1-point gain to 23.35. Bank of

### AMERICAN SHARE MARKET VALUE INDEX

Stock	Home	Transp.	Indus.	Unl.	Trading
Sept. 4	107.30	107.30	107.30	107.30	107.30
Sept. 5	107.30	107.30	107.30	107.30	107.30

### TORONTO INDUSTRIAL INDEX

Stock	Home	Transp.	Indus.	Unl.	Trading
Sept. 4	107.30	107.30	107.30	107.30	107.30
Sept. 5	107.30	107.30	107.30	107.30	107.30

### MONTREAL INDUSTRIAL INDEX

Stock	Home	Transp.	Indus.	Unl.	Trading
Sept. 4	107.30	107.30	107.30	107.30	107.30
Sept. 5	107.30	107.30	107.30	107.30	107.30

### JOHANNESBURG INDUSTRIAL INDEX

Stock	Home	Transp.	Indus.	Unl.	Trading
Sept. 4	107.30	107.30	107.30	107.30	107.30
Sept. 5	107.30	107.30	107.30	107.30	107.30

### EUROPE

Stock	Home	Transp.	Indus.	Unl.	Trading
Sept. 4	107.30	107.30	107.30	107.30	107.30
Sept. 5	107.30	107.30	107.30	107.30	107.30

### AMSTERDAM

Stock	Home	Transp.	Indus.	Unl.	Trading
Sept. 4	107.30	107.30	107.30	107.30	107.30
Sept. 5	107.30	107.30	107.30	107.30	107.30

### VIENNA

Stock	Home	Transp.	Indus.	Unl.	Trading
Sept. 4	107.30	107.30	107.30	107.30	107.30
Sept. 5	107.30	107.30	107.30	107.30	107.30

## OVERSEAS SHARE INFORMATION

### NEW YORK

Stock	Home	Transp.	Indus.	Unl.	Trading
Sept. 4	107.30	107.30	107.30	107.30	107.30
Sept. 5	107.30	107.30	107.30	107.30	107.30

### AMSTERDAM

Stock	Home	Transp.	Indus.	Unl.	Trading
Sept. 4	107.30	107.30	107.30	107.30	107.30
Sept. 5	107.30	107.30	107.30	107.30	107.30

### VIENNA

Stock	Home	Transp.	Indus.	Unl.	Trading
Sept. 4	107.30	107.30	107.30	107.30	107.30
Sept. 5	107.30	107.30	107.30	107.30	107.30

### OSLO

Stock	Home	Transp.	Indus.	Unl.	Trading
Sept. 4	107.30	107.30	107.30	107.30	107.30
Sept. 5	107.30	107.30	107.30	107.30	107.30

### STOCKHOLM

Stock	Home	Transp.	Indus.	Unl.	Trading
Sept. 4	107.30	107.30	107.30	107.30	107.30
Sept. 5	107.30	107.30	107.30	107.30	107.30

### BRUSSELS

Stock	Home	Transp.	Indus.	Unl.	Trading
Sept. 4	107.30	107.30	107.30	107.30	107.30
Sept. 5	107.30	107.30	107.30	107.30	107.30

### PARIS

Stock	Home	Transp.	Indus.	Unl.	Trading
Sept. 4	107.30	107.30	107.30	107.30	107.30
Sept. 5	107.30	107.30	107.30	107.30	107.30

### MILAN

Stock	Home	Transp.	Indus.	Unl.	Trading
Sept. 4	107.30	107.30	107.30	107.30	107.30
Sept. 5	107.30	107.30	107.30	107.30	107.30

NOTES: Overseas prices are given in local currency unless otherwise stated. Prices are given in local currency unless otherwise stated. Prices are given in local currency unless otherwise stated.



## Markets boosted by better-than-expected ICI figures

### Share index up 8.4 at 329.3—Gilts make progress

half-yearly earnings. Gibsons Haddley put on 24 to 47½p, and 20 to 49½p. The latter was a new high. Robinson's better at 34p. Dumbie-Comber attracted buyers at 140p, up 10, while Sangers gained 5 to 84½ with 60 to 84½. The latter was the good at 15p premium.

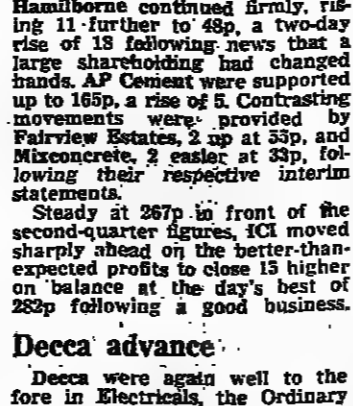
After recent weakness, British Leyland revived with a gain of 10 to 11½p. The latter was restricted market sentiment was helped by news of the company's large increase in car sales to the U.S. Stock exchange bought 10 to 80p or the higher first-half profits. Dowry, 113p, and Armstrong Garage, 42p, put on 3 pence. Garages were often better. Broomfield, 100 to 100½, and 80p. Henlys declined 3 to 41p, but Tate of Leeds hardened 4 to 18p.

Paper/Printings encountered a little more interest yesterday. De La Rue advanced 10 to 81p. Pains gained a similar amount to 87p and British Printing improved 2 to 40p. The same enthusiasm was not shown for Newspapers which closed 3 to 49½p.

"A" J better at 34p, were often unchanged. Marshall Cavendish, in Publishers, returned to popularity and closed 3 higher at 24½p.

Properties traded well in the general advance with both the leaders and secondary issues scoring gains to 6. Land Securities closed that much up at 175p and, after a brief decline, a widespread investment recommendation. Percy Britton gained 5 more to 137p. Others caught the eye of buyers included 10 to 100½p, along with Alliance London, 40p, and Esslemere Estates, 200p, both of which improved 4. Barratt Developments also ended 4 up at 140½p and continued to advance 3 further to 45p. Of the infrequent adverse changes, Marler Estates slipped 2 to 18p following the dividend announcement.

The immediate reaction to British Petroleum's second-



the bottom end of market expectations, was to put the price down to 532p. But apparently on relief

**These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries**

## ACTIVE STOCKS

Stock	Denomina- tion	No. of shares	Closing marks price (p)	Change on day	1975 high	1975 low
ICI	£1	21	283	+ 5	302	218
Barclays Bank	£1	13	280	+ 8	325	112
Midland Bank	£1	12	262	+ 10	306	123
Distillers	50p	10	112	+ 5	180	65 1/2
Hanson Trust	25p	10	100	+ 2	106	41
Permal	10p	10	27 1/2	—	28 1/2	8 1/2
"BPS" Inds. 'New'	Nil/pd.	9	43 1/2*	—	43 1/2*	32*
BP	25p	9	80 1/2	+ 8	338	164
Brit Leyland	£1	9	40	+ 8	57	20
BP	50p	9	58 1/2	+ 3	555	190
Cons. Gold Fields	25p	9	220	+ 10	240	188
RTZ	25p	9	183	+ 4	211	80
Beecham	£1	8	304	+ 3	310	116
Grand Met.	50p	8	69	+ 3	69	18 1/2
Imperial Group	25p	8	73 1/2	+ 3	73 1/2	32

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).

## Option Report—3-month Call rates

OPTION DEALING DATA	Property, Town and Commercial.
First. Last. For	Cons. Gold Fields, R. Costain
Deal. Deal. Last. For	Beaverbrook P.A., MK Electric
Laga. Ings. Ings. ment	and Nairn Williams. "Puis"
Sep. 2 Sep. 15 Nov. 27 Dec. 9	Burnham, 1 yard at 29p, but
Sep. 16 Sep. 28 Dec. 11 Dec. 23	British Sugar, while "doubles"
Sep. 30 Oct. 13 Dec. 23 Jan. 8	were arranged in English Pro-
Calls were dealt in English	perty and Town and Commercial.

## MONEY MARKET

### Full credit supply

Bank of England Minimum Lending Rate 11 per cent. (since July 25, 1975)

Day-to-day credit was good

supply in the London money market yesterday. There was a net take-up of Treasury bills to finance and maturing commercial bills. There was also against the market's favour. These were

more than balanced however by an excess of government disbursements over revenue transfers to the Exchequer, a fall in the circulation, overfull bank balances, and a small amount of Savings 3 month redemption money.

Discount houses paid 8 1/2 per cent. for secured call loans at the start, and up to 10 per cent. in places. At the close the rate was in the region of 9 1/2 per cent. In the interbank market overnight loans opened at 9 1/2 per cent., and after falling to 9 1/4

Sept. 4 1976	Overnight	1 day notice	7 days notice	1 month	3 months	6 months	9 months	12 months	18 months	24 months	36 months	48 months	60 months	72 months	84 months	96 months	108 months	120 months	132 months	144 months	156 months	168 months	180 months	192 months	204 months	216 months	228 months	240 months	252 months	264 months	276 months	288 months	300 months	312 months	324 months	336 months	348 months	360 months	372 months	384 months	396 months	408 months	420 months	432 months	444 months	456 months	468 months	480 months	492 months	504 months	516 months	528 months	540 months	552 months	564 months	576 months	588 months	600 months	612 months	624 months	636 months	648 months	660 months	672 months	684 months	696 months	708 months	720 months	732 months	744 months	756 months	768 months	780 months	792 months	804 months	816 months	828 months	840 months	852 months	864 months	876 months	888 months	900 months	912 months	924 months	936 months	948 months	960 months	972 months	984 months	996 months	1008 months	1020 months	1032 months	1044 months	1056 months	1068 months	1080 months	1092 months	1104 months	1116 months	1128 months	1140 months	1152 months	1164 months	1176 months	1188 months	1200 months	1212 months	1224 months	1236 months	1248 months	1260 months	1272 months	1284 months	1296 months	1308 months	1320 months	1332 months	1344 months	1356 months	1368 months	1380 months	1392 months	1404 months	1416 months	1428 months	1440 months	1452 months	1464 months	1476 months	1488 months	1500 months	1512 months	1524 months	1536 months	1548 months	1560 months	1572 months	1584 months	1596 months	1608 months	1620 months	1632 months	1644 months	1656 months	1668 months	1680 months	1692 months	1704 months	1716 months	1728 months	1740 months	1752 months	1764 months	1776 months	1788 months	1800 months	1812 months	1824 months	1836 months	1848 months	1860 months	1872 months	1884 months	1896 months	1908 months	1920 months	1932 months	1944 months	1956 months	1968 months	1980 months	1992 months	2004 months	2016 months	2028 months	2040 months	2052 months	2064 months	2076 months	2088 months	2100 months	2112 months	2124 months	2136 months	2148 months	2160 months	2172 months	2184 months	2196 months	2208 months	2220 months	2232 months	2244 months	2256 months	2268 months	2280 months	2292 months	2304 months	2316 months	2328 months	2340 months	2352 months	2364 months	2376 months	2388 months	2400 months	2412 months	2424 months	2436 months	2448 months	2460 months	2472 months	2484 months	2496 months	2508 months	25
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	Sept. 4	Sept. 5	Sept. 6	Sept. 7	Aug. 25	Aug. 26
Government Secs	61.68	61.50	61.57	61.59	61.28	60.87
Fixed Interest	61.16	61.04	61.08	61.08	60.87	60.78
Industrial Ordinary	329.3	320.9	322.1	323.4	327.5	322.4
Gold Mines	531.3	508.3	502.9	518.0	547.0	544.5
Ord. Div. Yld. %	6.28	6.45	6.48	6.57	6.63	6.94
Earnings Yld. 24(1/2)	18.11	18.59	18.58	18.50	18.50	18.60
P/E Ratio (incl. ul)	7.87	7.66	7.76	7.85	7.78	7.77
Debt/equity ratio	4.461	4.08	4.05	4.20	4.20	4.180
Equity turnover Em.	—	49.15	46.00	46.30	56.76	56.56
Equity bargain total	—	10.368	12.522	14.922	12.718	12.088

10 a.m. 221.4. 11 a.m. 321.3. Noon 323.5. 1 p.m. 323.4.

Latest index 61.349. 221.4. 323.5.

(a) Based on 3% per cent. corporation. (b) W-1-72. Ind. Ord. 17/35.

Basic 10 Govt. Secs 12/24/35. 52 Activity July-Dec. 1937.

Mines 12/24/35.

HIGHS AND LOWS				S.E. ACTIVITY		
1970		Since Completion				
High	Low	High	Low		Sept. 4	
Govt. Secs	62.64 (20/3)	49.18 (3/1)	127.4 (19/15)	49.18 (5/17)	Daily- 411-Edgemo- Industrials- Speculative- 5-day Avg- 411-Edgemo- Industrials- Speculative- Totals-	146.5 141.3 62.5 16.2
Fixed Int.	62.51 (11/15)	50.68 (1/1)	150.4 (15/1)	50.68 (2/6)		165.8 165.8
Ind. Ord.	565.3 (5/1)	442.0 (5/1)	545.5 (19/17)	442.0 (26/4)		59.2 59.2
Yield Mines	442.4 (22/3)	280.3 (20/1)	443.3 (3/5)	435.0 (10/71)		119.8

**Overseas Traders** — **firmed** throughout. **Hudson** and **Crossed** gained 17 to 867p and **Inchcape** improved 7 to 392p, while **Peterborough Zochobus** rallied 10 to 350p.

**Majesty** was a prominent dull feature in **Trusts** and **Financials**, falling sharply to 164p following the profits setback before recovering 13 points to close at 157p. **BET** reversed, on the other hand, firmed 3 to 77p, after 78p, on the satisfactory results. **Rothschild**, at 315p, retrieved 38p of its substantial loss of 15 which followed concern over its substantial gold portfolio.

A revival of speculative buying on bid had been seen in **Furness Witham** rose 10 to 228p in generally firm **Shippings**, where **P. & O.** Deferred advanced 2 to 89p, after 81p, and **Ocean Transport** came back mainly because 88p, as the interior markets of the last-mentioned are expected next Monday.

**Readson Smith** moved against the trend, the Ordinary **General** fell 1 point to 28p, while the "A" 7 lower at 145p on the disappointing interim figures.

**Courtaulds** closed 5 dearer at 129p, after 180p, in quietly firm **Textiles**. **Easton** edged up 1 to 121p and **Worth** broadened 2 to 33p. **Tobacco** leaders had a good day, with **Impe closing** 3 higher at a 197½ high of 1731p. **Bate** rose 8 to 303p, after 295p.

**Aluminium Investments** came on offer, the Ordinary, falling 20 to 300p, while the new and old shares were both sold at a premium. Also called were **Rutley's Corporation**, 15 off at 285p, and **O.K. Bazzars** "A", 20 cheaper at 850p.

**Plantations** closed slightly higher than they opened, the

late business. **Guthrie** was higher at 154p, after 157p.

**Gold**

**Gold prices regained** the recent losses in the bullion price which was \$2.78 up at \$133 per ounce still \$5.30 from the level, after standing below the International Monetary Fund agreement. The Gold Minors rose 12.9 to 321.3.

Of the recoveries, the producing countries put a 22% value rise of seen in Durban Deft (7¼) Driefontein (97p) and (900p).

Apart from a fall of 48 in **Sutton**, **Minerals** were better. Among the best **Gold Fields** rose 10 ¾. **Minorco**, however, eased in front of the sharp dividend and profit cut to 147½, while **Anglo** halved its results on Septe improved 4 to 163p partly with the firmer U.K. market and partly on the price of copper. **P. hardened**.

**South African** mines continued higher on a quiet demand, **Gopeng rising** 7. **London Tin** gained 5. **Sungei Beati** went was 48p following the annual Australian output.

The mixed showing despite trend overnight in **Netherlands**. **Oakbridge** lost 1½ while **Pancontinental** receded 30p after Wednesday's 100p rise. **Westfield** gained 5 to 10 ¾.

## NEW HIGHS AND

Stock	Denomina- tion	No. of marks	Closing price (p)	Change on day	1975 high	1975 low
ICI .....	£1	21	282	+15	302	118
Barclays Bank ...	£1	13	280	+ 8	325	112
Midland Bank ...	£1	12	262	+10	306	123
Distillers ...	50p	10	112	+ 5	180	65½
Hanson Trust ...	25p	10	109	+ 2	109	41
Permal ...	10p	10	27½	—	28½	8½
SPE Inds. 'New'	NIl/pd.	9	42½	+ ½	42½	32*
'Bats' ...	25p	9	303	+ 8	338	164
Brit. Leyland ...	50p	9	40	+ 8	57	20
BP	£1	9	543	+ 3	555	190
Cons. Gold Fields	50p	9	220	+10	260	188
RTZ	25p	9	162	+ 4	211	80
Beecham ...	25p	8	304	+ 3	310	116
Grand Met.	25p	8	89	+ 3	89	18½
Imperial Group...	50p	8	73½	+ 8	73½	32

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).

OPTION DEALING DATES				
First Dealings	Last Dealings	Last Declaration	Saturation	Property, Town and Commercial.
Sep. 2	Sep. 15	Nov. 27	Dec. 9	Cons. Gold Fields, R. C. Stain
Sep. 16	Sep. 29	Dec. 11	Dec. 23	Beaverbrook "A," MK Electric
Sep. 30	Oct. 13	Dec. 23	Jan. 8	and Nairn Williamson. "Pula"

\* Calls were dealt in English

were done in D. Charles and British Sugar, while "doubles" were arranged in English Property and Town and Commercial.

Industrials	Grand Neg.	7	Water Walker	8	
A. P. Colwell	G. U. S. A.	7	Spitfires	8	Mines
26	Garwood	30	Topicals	8	Anglo Amex
26	G. U. S. A.	30	Traders	17	Anglo S. Hall Pk
Barclay, Bank	Shawnee	27	Tube Invs	26	Charters
Uchewin	House of Fraser	8	Unilever	26	Clair's Int'l Fin.
Bank Drug	12 Hudson (Wm)	4	Ind. Drapery	10	Dons Gold
26	26	4	De Beers Del	18	28
B. A. T.	Imp's	7	Woodworth	6	P. S. Fredall
50	I. C. I.	1			380
British Leyland	I. C. I.	1			Great Boudoir
26	26	1			12
M.C. Car	Legard Bank	7	Prop. Property		Investment Areas
Burns A.	Legard Bank	22	I. P.	8	140
Cadbury	13	22	Int. Europe	8	Alford
26	26	22	18	18	12
Dechenbach	13	22	18	18	12
De Hiltol	13	22	18	18	12
26	13	22	18	18	12
Dunlop	13	22	18	18	12
26	13	22	18	18	12
E. M.	13	22	18	18	12
26	13	22	18	18	12
First National	13	22	18	18	12
26	13	22	18	18	12
Glen. Acetile	13	22	18	18	12
26	13	22	18	18	12
Electric	13	22	18	18	12

Bank of England Minimum Lending Rate 11 per cent. (since July 25, 1978)

Day-to-day credit was good supply in the London money market yesterday and the authorities sold a large amount of Treasury bills to the Discount Bank to absorb the surplus funds. There was a market take-up of Treasury bills to finance and maturing commercial bills were also against the market favour.

Steps, 6 1976	Steering Committee of deposits	Interbank	Local Authorities deposits	Local Auth. negotiable deposits	Finance House deposits	Company deposits
Overnight...	—	9-10	—	—	—	9½-10½
7 days notice...	—	—	9½-10	—	—	—
14 days notice...	—	—	9½-10½	—	—	—
One month...	10½-10½	10½-10½	10-10½	10½-10	10½-11½	—
Two months...	10½-10½	10½-10½	10-10½	10½-10	10½-11½	—
Three months...	10½-10½	10½-10½	10½-10½	10½-10	10½-11½	—
Six months...	10½-10½	10½-10½	10½-10½	10½-10	10½-11½	—
Nine months...	10½-10½	10½-10½	10½-10½	10½-10	10½-11½	—
One year...	10½-10½	10½-10½	10½-10½	10½-10	10½-11½	—
Two years...	10½-10½	10½-10½	10½-10½	10½-10	10½-11½	—

\* Local authorities and finance houses serve seven days' notice; others seven days' fixed rate notice. Approximate selling rates for bank bills: one-month bank bills 10½-10½ per cent. Approximate buying rates for prime paper, buying cash four-month bank bills 10½-10½ per cent. Approximate selling rates for Treasury bills: Treasury bills 10½-10½ per cent. One-month 10½-10½ per cent. Approximate selling rates for bank bills: bank bills 10½-10½ per cent. One-month 10½-10½ per cent. Approximate selling rates for bank bills: bank bills 10½-10½ per cent. One-month 10½-10½ per cent.

† Finance House Rate Sheet (published by the Finance Houses Association) 19 per cent. Deposit Rates for small sums at seven days' notice: 9 per cent. Clearing Bank Rate 10 per cent.

YESTERDAY		Up Down Same	
		43	8 13
British Funds			
Corpus	Dom. and	12	7 52
Foreign Bonds		40	168 13
Government		150	73 34
Bank and Prop.		10	7 24
Insurance		3	2 43
Utilities		45	18 72
Other Issues		22	11 29

Roadways of U.S. Airline	
Lloyds Bank	
London & European	
London Mercantile	
Midland Bank	
■ Samuel Montagu	
■ Morgan Grenfell	
National Westminster	
Northern Comm. Trust	
Northc. Comm. Trust	

100 cent. finished at 93-10.  
 Short-term fixed period interest rates were generally easier, with the three-month sterling certificate yielded easiest to 104-104 1/2 per cent. Bank rates were also reduced throughout the range, and the buying rate for two-month bank bills is now the same as that for two-month Treasury bills, at 103-103 1/2 per cent. The three-month Treasury bill is lower than three-month Treasury bills at 103-103 1/2 per cent.

Asphalt	Distillate	Heating Oil	Gasoline
100%	100%	100%	100%
90%	90%	90%	90%
80%	80%	80%	80%
70%	70%	70%	70%
60%	60%	60%	60%
50%	50%	50%	50%
40%	40%	40%	40%
30%	30%	30%	30%
20%	20%	20%	20%
10%	10%	10%	10%

\* Local area, local authority sources.  
 100% per cent. 100% per cent. 100% per cent.  
 90% per cent. 90% per cent. 90% per cent.  
 80% per cent. 80% per cent. 80% per cent.  
 70% per cent. 70% per cent. 70% per cent.  
 60% per cent. 60% per cent. 60% per cent.  
 50% per cent. 50% per cent. 50% per cent.  
 40% per cent. 40% per cent. 40% per cent.  
 30% per cent. 30% per cent. 30% per cent.  
 20% per cent. 20% per cent. 20% per cent.  
 10% per cent. 10% per cent. 10% per cent.

From September 1, Clearing Bank  
 100% per cent. 100% per cent. 100% per cent.  
 90% per cent. 90% per cent. 90% per cent.  
 80% per cent. 80% per cent. 80% per cent.  
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 10% per cent. 10% per cent. 10% per cent.

Atlantic Assurance  
 Caspian Assurance  
 Address: 1000 West 10th Street  
 1000 West 10th Street  
 1000 West 10th Street

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## INSURANCE, PROPERTY, BONDS

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## NOTES



**15745**

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £325 per annum for each security.

